

# House Amendment 1616

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1 1 Amend House File 683, as amended, passed, and  
1 2 reprinted by the House, as follows:  
1 3 #1. By striking everything after the enacting  
1 4 clause and inserting the following:  
1 5 1 6 STATE EMPLOYEE SALARIES  
1 7 Section 1. 2003 Iowa Acts, Senate File 458,  
1 8 section 48, unnumbered paragraphs 1 and 2, if enacted,  
1 9 are amended to read as follows:  
1 10 There is appropriated from the general fund of the  
1 11 state to the salary adjustment fund for distribution  
1 12 by the department of management to the various state  
1 13 departments, boards, commissions, councils, and  
1 14 agencies, and to the state board of regents for those  
1 15 persons employed at the state school for the deaf and  
1 16 the Iowa braille and sight saving school, for the  
1 17 fiscal year beginning July 1, 2003, and ending June  
1 18 30, 2004, the amount of ~~\$20,000,000~~ \$30,000,000, or so  
1 19 much thereof as may be necessary, to fully fund annual  
1 20 pay adjustments, expense reimbursements, and related  
1 21 benefits implemented pursuant to the following:  
1 22 Of the amount appropriated in this section,  
1 23 ~~\$2,668,000~~ \$2,818,000 shall be allocated to the  
1 24 judicial branch for the purpose of funding annual pay  
1 25 adjustments, expense reimbursements, and related  
1 26 benefits implemented for judicial branch employees.  
1 27 In distributing the remainder of the amount  
1 28 appropriated in this section, the department of  
1 29 management, in order to address essential public  
1 30 protection functions and recognizing the availability  
1 31 of funds appropriated in other Acts of the general  
1 32 assembly and other sources, shall give priority, in  
1 33 descending order, to the department of corrections,  
1 34 department of human services, and department of public  
1 35 safety, and then to the remaining state departments,  
1 36 boards, commissions, councils, and agencies to which  
1 37 the appropriation is applicable.  
1 38 Sec. 2. STATE COURTS == JUSTICES, JUDGES, AND  
1 39 MAGISTRATES.  
1 40 1. Of the amount allocated for the judicial branch  
1 41 in 2003 Iowa Acts, Senate File 458, section 48, if  
1 42 enacted, \$150,000 is allocated to fund the changes in  
1 43 this section to the salaries of justices, judges, and  
1 44 magistrates.  
1 45 2. The following annual salary rates shall be paid  
1 46 to the persons holding the judicial positions  
1 47 indicated during the fiscal year beginning July 1,  
1 48 2003, effective with the pay period beginning December  
1 49 5, 2003, and for subsequent pay periods:  
1 50 a. Chief justice of the supreme court:  
2 1 ..... \$ 127,040  
2 2 b. Each justice of the supreme court:  
2 3 ..... \$ 122,500  
2 4 c. Chief judge of the court of appeals:  
2 5 ..... \$ 122,380  
2 6 d. Each associate judge of the court of appeals:  
2 7 ..... \$ 117,850  
2 8 e. Each chief judge of a judicial district:  
2 9 ..... \$ 116,760  
2 10 f. Each district judge except the chief judge of a  
2 11 judicial district:  
2 12 ..... \$ 112,010  
2 13 g. Each district associate judge:  
2 14 ..... \$ 97,610  
2 15 h. Each associate juvenile judge:  
2 16 ..... \$ 97,610  
2 17 i. Each associate probate judge:  
2 18 ..... \$ 97,610  
2 19 j. Each judicial magistrate:  
2 20 ..... \$ 29,100  
2 21 k. Each senior judge:  
2 22 ..... \$ 6,500  
2 23 3. Persons receiving the salary rates established  
2 24 under subsection 2 shall not receive any additional  
2 25 salary adjustments provided by 2003 Iowa Acts, Senate

2 26 File 458, division V.  
 2 27 DIVISION II  
 2 28 APPROPRIATIONS AND APPROPRIATIONS REVISIONS  
 2 29 INSURANCE DIVISION  
 2 30 Sec. 3. INSURANCE STUDY. There is appropriated  
 2 31 from the general fund of the state to the department  
 2 32 of commerce for the fiscal year beginning July 1,  
 2 33 2003, and ending June 30, 2004, the following amount,  
 2 34 or so much thereof as is necessary, to be used for the  
 2 35 purpose designated:  
 2 36 For the insurance division to implement the school  
 2 37 health insurance reform team study in accordance with  
 2 38 2003 Iowa Acts, Senate File 386:  
 2 39 ..... \$ 15,000  
 2 40 DEPARTMENT OF MANAGEMENT  
 2 41 Sec. 4. LOCAL GOVERNMENT INNOVATION FUND  
 2 42 APPROPRIATION. There is appropriated from the general  
 2 43 fund of the state to the department of management for  
 2 44 the fiscal year beginning July 1, 2003, and ending  
 2 45 June 30, 2004, the following amount, or so much  
 2 46 thereof as is necessary, to be used for the purpose  
 2 47 designated:  
 2 48 For deposit in the local government innovation fund  
 2 49 created in section 8.64:  
 2 50 ..... \$ 1,000,000  
 3 1 Notwithstanding section 8.64, subsection 4, if  
 3 2 enacted by 2003 Iowa Acts, Senate File 453, section  
 3 3 27, the local government innovation fund committee may  
 3 4 provide up to 20 percent of the amount appropriated in  
 3 5 this section in the form of forgivable loans or as  
 3 6 grants for those projects that propose a new and  
 3 7 innovative sharing initiative that would serve as an  
 3 8 important model for cities and counties.  
 3 9 DEPARTMENT OF CORRECTIONS  
 3 10 Sec. 5. There is appropriated from the rebuild  
 3 11 Iowa infrastructure fund to the department of  
 3 12 corrections for the fiscal year beginning July 1,  
 3 13 2003, and ending June 30, 2004, the following amounts,  
 3 14 or so much thereof as is necessary, to be used for the  
 3 15 purposes designated:  
 3 16 1. For expansion of the Luster Heights facility  
 3 17 into a community-based corrections facility and an  
 3 18 institutional work and substance abuse treatment  
 3 19 center:  
 3 20 ..... \$ 92,000  
 3 21 2. For conversion of the Clarinda lodge into  
 3 22 minimum security bed space:  
 3 23 ..... \$ 730,400  
 3 24 Sec. 6. 2003 Iowa Acts, Senate File 439, section  
 3 25 4, subsection 1, paragraphs b and g, as enacted, are  
 3 26 amended to read as follows:  
 3 27 b. For the operation of the Anamosa correctional  
 3 28 facility, including salaries, support, maintenance,  
 3 29 employment of correctional officers and a part-time  
 3 30 chaplain to provide religious counseling to inmates of  
 3 31 a minority race, miscellaneous purposes, and for not  
 3 32 more than the following full-time equivalent  
 3 33 positions:  
 3 34 ..... \$ ~~24,531,917~~  
 3 35 25,196,085  
 3 36 ..... FTEs ~~375.75~~  
 3 37 385.25  
 3 38 Moneys are provided within this appropriation for  
 3 39 one full-time substance abuse counselor for the Luster  
 3 40 Heights facility, for the purpose of certification of  
 3 41 a substance abuse program at that facility. Of the  
 3 42 funds appropriated in this paragraph "b", \$664,168 is  
 3 43 allocated for implementation costs associated with  
 3 44 expansion of the Luster Heights facility.  
 3 45 g. For the operation of the Clarinda correctional  
 3 46 facility, including salaries, support, maintenance,  
 3 47 employment of correctional officers, miscellaneous  
 3 48 purposes, and for not more than the following full-  
 3 49 time equivalent positions:  
 3 50 ..... \$ ~~18,595,788~~  
 4 1 19,389,220  
 4 2 ..... FTEs ~~291.76~~  
 4 3 304.58  
 4 4 Moneys received by the department of corrections as  
 4 5 reimbursement for services provided to the Clarinda  
 4 6 youth corporation are appropriated to the department

4 7 and shall be used for the purpose of operating the  
4 8 Clarinda correctional facility.  
4 9 Of the funds appropriated in this paragraph "g",  
4 10 \$793,432 is allocated for implementation costs  
4 11 associated with expansion of the conversion of the  
4 12 Clarinda lodge, with \$277,500 of the allocation for  
4 13 one-time costs and \$515,932 for ongoing costs.  
4 14 PUBLIC TRANSIT  
4 15 Sec. 7. 2003 Iowa Acts, Senate File 458, section  
4 16 8, if enacted, is amended to read as follows:  
4 17 SEC. 8. PUBLIC TRANSIT ASSISTANCE APPROPRIATION.  
4 18 Notwithstanding section 312.2, subsection 14, the  
4 19 amount appropriated from the general fund of the state  
4 20 under section 312.2, subsection 14, to the state  
4 21 department of transportation for public transit  
4 22 assistance under chapter 324A for the fiscal year  
4 23 beginning July 1, 2003, and ending June 30, 2004, is  
4 24 reduced by the following amount:  
4 25 ..... \$ ~~1,298,675~~  
4 26 2,582,800  
4 27 OFFICE OF THE GOVERNOR  
4 28 Sec. 8. 2003 Iowa Acts, House File 655, section 5,  
4 29 subsection 1, if enacted, is amended to read as  
4 30 follows:  
4 31 1. GENERAL OFFICE  
4 32 For salaries, support, maintenance, and  
4 33 miscellaneous purposes for the general office of the  
4 34 governor and the general office of the lieutenant  
4 35 governor, and for not more than the following full=  
4 36 time equivalent positions:  
4 37 ..... \$ ~~1,243,643~~  
4 38 1,493,643  
4 39 ..... FTEs ~~17.25~~  
4 40 19.25  
4 41 Of the amount appropriated in this section,  
4 42 \$250,000 is allocated for two full-time equivalent  
4 43 positions in the office of the governor that were  
4 44 previously funded by other state departments and  
4 45 agencies.  
4 46 DEPARTMENT OF REVENUE  
4 47 Sec. 9. 2003 Iowa Acts, House File 655, section  
4 48 31, if enacted, is amended to read as follows:  
4 49 SEC. 31. DEPARTMENT OF REVENUE. There is  
4 50 appropriated from the general fund of the state to the  
5 1 department of revenue for the fiscal year beginning  
5 2 July 1, 2003, and ending June 30, 2004, the following  
5 3 amounts, or so much thereof as is necessary, to be  
5 4 used for the purposes designated, and for not more  
5 5 than the following full-time equivalent positions used  
5 6 for the purposes designated in subsection 1:  
5 7 ..... FTEs ~~378.87~~  
5 8 380.87  
5 9 Of the full-time equivalent positions authorized in  
5 10 this section, two full-time equivalent positions are  
5 11 allocated for new positions to assist in preparation  
5 12 of information for the revenue estimating conference  
5 13 and in improving the turnaround time for processing  
5 14 corporate tax filings.  
5 15 1. COMPLIANCE == INTERNAL RESOURCES MANAGEMENT ==  
5 16 STATE FINANCIAL MANAGEMENT == STATEWIDE PROPERTY TAX  
5 17 ADMINISTRATION  
5 18 For salaries, support, maintenance, and  
5 19 miscellaneous purposes:  
5 20 ..... \$ ~~23,259,111~~  
5 21 23,359,111  
5 22 Of the funds appropriated pursuant to this  
5 23 subsection, \$400,000 shall be used to pay the direct  
5 24 costs of compliance related to the collection and  
5 25 distribution of local sales and services taxes imposed  
5 26 pursuant to chapters 422B and 422E.  
5 27 The director of revenue shall prepare and issue a  
5 28 state appraisal manual and the revisions to the state  
5 29 appraisal manual as provided in section 421.17,  
5 30 subsection 18, without cost to a city or county.  
5 31 2. COLLECTION COSTS AND FEES  
5 32 For payment of collection costs and fees pursuant  
5 33 to section 422.26:  
5 34 ..... \$ 28,166  
5 35 DEPARTMENT OF PUBLIC HEALTH  
5 36 Sec. 10. 2003 Iowa Acts, House File 667, section  
5 37 2, subsection 8, as enacted, is amended to read as

5 38 follows:

5 39 8. INFECTIOUS DISEASES

5 40 For reducing the incidence and prevalence of  
5 41 communicable diseases, and for not more than the  
5 42 following full-time equivalent positions:

5 43 .....	\$	977,340
5 44 .....		1,074,888
5 45 .....	FTEs	36.90

5 46 DIVISION III

5 47 MISCELLANEOUS PROVISIONS

5 48 Sec. 11. GOVERNMENT OVERSIGHT COMMITTEE == REVIEW  
5 49 OF CONTINUING CARE RETIREMENT COMMUNITIES == ASSISTED  
5 50 LIVING PROGRAM APPLICABILITY. The government  
6 1 oversight committees shall review the application of  
6 2 chapter 231C, relating to assisted living programs, to  
6 3 continuing care retirement communities, as defined in  
6 4 section 523D.1. The committees shall submit  
6 5 recommendations for any legislation deemed necessary  
6 6 for consideration during the 2004 regular legislative  
6 7 session.

6 8 Sec. 12. Section 15E.193B, subsection 4, Code  
6 9 2003, as amended by 2003 Iowa Acts, Senate File 458,  
6 10 section 100, if enacted, is amended to read as  
6 11 follows:

6 12 4. The eligible housing business shall complete  
6 13 its building or rehabilitation within two years from  
6 14 the time the business begins construction on the  
6 15 single-family homes and dwelling units. The failure  
6 16 to complete construction or rehabilitation within two  
6 17 years shall result in the eligible housing business  
6 18 becoming ineligible and subject to the repayment  
6 19 requirements and penalties enumerated in subsection 7.  
6 20 The department may extend the prescribed two-year  
6 21 completion period for any current or future project  
6 22 which has not been completed if the department  
6 23 determines that completion within the two-year period  
6 24 is impossible or impractical as a result of a  
6 25 substantial loss caused by flood, fire, earthquake,  
6 26 storm, or other catastrophe. For purposes of this  
6 27 subsection, "substantial loss" means damage or  
6 28 destruction in an amount in excess of thirty percent  
6 29 of the project's expected eligible basis as set forth  
6 30 in the eligible housing business's application.

6 31 Sec. 13. Section 215.14, Code 2003, is amended to  
6 32 read as follows:

6 33 215.14 APPROVAL BY DEPARTMENT.

6 34 A commercial weighing and measuring device shall  
6 35 not be installed in this state unless approved by the  
6 36 department. ~~All livestock scales and~~

6 37 1. A pit type ~~scales~~ scale or any other scale  
6 38 installed in a pit, regardless of capacity, that is  
6 39 installed on or after July 1, 1990, shall have a  
6 40 clearance of not less than four feet from the finished  
6 41 floor line of the scale to the bottom of the "I" beam  
6 42 of the scale bridge. Livestock shall not be weighed  
6 43 on any scale other than a livestock scale or pit type  
6 44 scale.

6 45 2. An electronic pitless scale shall be placed on  
6 46 concrete footings with concrete floor. ~~The concrete~~  
6 47 floor shall allow for adequate drainage away from the  
6 48 scale as required by the department. There shall be a  
6 49 clearance of not less than eight inches between the  
6 50 weigh bridge and the concrete floor to facilitate  
7 1 inspection and cleaning.

7 2 3. After approval by the department, the  
7 3 specifications for a commercial weighing and measuring  
7 4 device shall be furnished to the purchaser of the  
7 5 device by the manufacturer. The approval shall be  
7 6 based upon the recommendation of the United States  
7 7 national institute of standards and technology.

7 8 Sec. 14. Section 231C.17, subsection 4, if enacted  
7 9 by 2003 Iowa Acts, House File 675, section 24, is  
7 10 amended by striking the subsection and inserting in  
7 11 lieu thereof the following:

7 12 4. A continuing care retirement community, as  
7 13 defined in section 523D.1, may provide limited  
7 14 personal care services and emergency response services  
7 15 to its independent living tenants if all of the  
7 16 following conditions are met:

7 17 a. The provision of such personal care services or  
7 18 emergency response services does not result in

7 19 inadequate staff coverage to meet the service needs of  
7 20 all tenants of the continuing care retirement  
7 21 community.  
7 22 b. The staff providing the personal care or  
7 23 emergency response services is trained or qualified to  
7 24 the extent necessary to provide such services.  
7 25 c. The continuing care retirement community  
7 26 documents the date, time, and nature of the personal  
7 27 care or emergency response services provided.  
7 28 d. Emergency response services are only provided  
7 29 in situations which constitute an urgent need for  
7 30 immediate action or assistance due to unforeseen  
7 31 circumstances.  
7 32 This subsection shall not be construed to prohibit  
7 33 an independent living tenant of a continuing care  
7 34 retirement community from contracting with a third  
7 35 party for personal care or emergency response  
7 36 services.  
7 37 Sec. 15. NEW SECTION. 237A.25 CONSUMER  
7 38 INFORMATION.  
7 39 1. The department shall develop consumer  
7 40 information material to assist parents in selecting a  
7 41 child care provider. In developing the material, the  
7 42 department shall consult with department of human  
7 43 services staff, department of education staff, the  
7 44 state child care advisory council, the Iowa  
7 45 empowerment board, and child care resource and  
7 46 referral services. In addition, the department may  
7 47 consult with other entities at the local, state, and  
7 48 national level.  
7 49 2. The consumer information material developed by  
7 50 the department for parents and other consumers of  
8 1 child care services shall include but is not limited  
8 2 to all of the following:  
8 3 a. A pamphlet or other printed material containing  
8 4 consumer-oriented information on locating a quality  
8 5 child care provider.  
8 6 b. Information explaining important considerations  
8 7 a consumer should take into account in selecting a  
8 8 licensed or registered child care provider.  
8 9 c. Information explaining how a consumer can  
8 10 identify quality services, including what questions to  
8 11 ask of providers and what a consumer might expect or  
8 12 demand to know before selecting a provider.  
8 13 d. An explanation of the applicable laws and  
8 14 regulations written in layperson's terms.  
8 15 e. An explanation of what it means for a provider  
8 16 to be licensed, registered, or unregistered.  
8 17 f. An explanation of the information considered in  
8 18 registry and record background checks.  
8 19 g. Other information deemed relevant to consumers.  
8 20 3. The department shall implement and publicize an  
8 21 internet page or site that provides all of the  
8 22 following:  
8 23 a. The written information developed pursuant to  
8 24 subsections 1 and 2.  
8 25 b. Regular informational updates, including when a  
8 26 child care provider was last subject to a state  
8 27 quality review or inspection and, based upon a final  
8 28 score or review, the results indicating whether the  
8 29 provider passed or failed the review or inspection.  
8 30 c. Capability for a consumer to be able to access  
8 31 information concerning child care providers, such as  
8 32 informational updates, identification of provider  
8 33 location, name, and capacity, and identification of  
8 34 providers participating in the state child care  
8 35 assistance program and those participating in the  
8 36 child care food program, by sorting the information or  
8 37 employing other means that provide the information in  
8 38 a manner that is useful to the consumer. Information  
8 39 regarding provider location shall identify providers  
8 40 located in the vicinity of an address selected by a  
8 41 consumer and provide contact information without  
8 42 listing the specific addresses of the providers.  
8 43 d. Other information deemed appropriate by the  
8 44 department.  
8 45 Sec. 16. Section 384.84, Code 2003, is amended by  
8 46 adding the following new subsection:  
8 47 NEW SUBSECTION. 9. Notwithstanding subsection 3,  
8 48 a lien shall not be filed against the land if the  
8 49 premises are located on leased land. If the premises

8 50 are located on leased land, a lien may be filed  
9 1 against the premises only.

9 2 Sec. 17. Section 422E.3A, subsection 2, paragraph  
9 3 a, if enacted by 2003 Iowa Acts, Senate File 445,  
9 4 section 8, is amended to read as follows:  
9 5 a. A school district that is located in whole or  
9 6 in part in a county that voted on and approved prior  
9 7 to April 1, 2003, the local sales and services tax for  
9 8 school infrastructure purposes and that has a sales  
9 9 tax capacity per student above the guaranteed school  
9 10 infrastructure amount shall receive for the remainder  
9 11 of the term of the tax an amount equal to its pro rata  
9 12 share of the local sales and services tax receipts as  
9 13 provided in section 422E.3, subsection 5, paragraph  
9 14 "d", unless the school board passes a resolution by  
9 15 October 1, 2003, agreeing to receive a distribution  
9 16 pursuant to paragraph "b", subparagraph (1).

9 17 Sec. 18. Section 422E.3A, subsection 2, paragraph  
9 18 b, subparagraph (1), if enacted by 2003 Iowa Acts,  
9 19 Senate File 445, section 8, is amended to read as  
9 20 follows:  
9 21 (1) A school district that is located in whole or  
9 22 in part in a county that voted on and approved prior  
9 23 to April 1, 2003, the local sales and services tax for  
9 24 school infrastructure purposes and that has a sales  
9 25 tax capacity per student below its guaranteed school  
9 26 infrastructure amount shall receive for the remainder  
9 27 of the term of the tax an amount equal to its pro rata  
9 28 share of the local sales and services tax receipts as  
9 29 provided in section 422E.3, subsection 5, paragraph  
9 30 "d", plus an amount equal to its supplemental school  
9 31 infrastructure amount, unless the school district  
9 32 passes a resolution by October 1, 2003, agreeing to  
9 33 receive only an amount equal to its pro rata share as  
9 34 provided in section 422E.3, subsection 5, paragraph  
9 35 "d", in all subsequent years.

9 36 Sec. 19. Section 435.26A, subsection 5, as enacted  
9 37 by 2003 Iowa Acts, Senate File 134, section 7, and as  
9 38 amended by 2003 Iowa Acts, Senate File 458, section  
9 39 128, if enacted, is amended to read as follows:  
9 40 5. An owner of a manufactured home who has  
9 41 surrendered a certificate of title under this section  
9 42 and requires another certificate of title for the  
9 43 manufactured home is required to apply for a  
9 44 certificate of title under ~~section 321.42~~ chapter 321.  
9 45 If supporting documents for the reissuance of a title  
9 46 are not available or sufficient, the procedure for the  
9 47 reissuance of a title specified in the rules of the  
9 48 department of transportation shall be used.

9 49 Sec. 20. Section 459.315, Code 2003, as amended by  
9 50 2003 Iowa Acts, House File 644, if enacted, is amended  
10 1 by adding the following new subsection:  
10 2 NEW SUBSECTION. 4A. This section shall not  
10 3 require a person to be certified as a confinement site  
10 4 manure applicator if the person applies manure which  
10 5 originates from a manure storage structure which is  
10 6 part of a small animal feeding operation.

10 7 Sec. 21. Section 508.31A, subsection 2, paragraph  
10 8 a, subparagraph (4), as enacted by 2003 Iowa Acts,  
10 9 House File 647, section 7, is amended to read as  
10 10 follows:  
10 11 (4) A person other than a natural person for the  
10 12 purpose of providing collateral security for  
10 13 securities ~~issued by such person and~~ registered with  
10 14 the federal securities and exchange commission.

10 15 Sec. 22. 2003 Iowa Acts, Senate File 401, section  
10 16 5, subsection 1, is amended to read as follows:  
10 17 1. Notwithstanding any provision of law to the  
10 18 contrary, the section of this Act creating section  
10 19 453A.2, subsection 5A, is applicable to violations  
10 20 pending on the effective date of this Act for which a  
10 21 penalty has not been assessed under section 453A.22,  
10 22 subsection 2. Notwithstanding this subsection,  
10 23 however, if a county health department, a city health  
10 24 department, or a city assesses a penalty under section  
10 25 453A.22, subsection 2, on or after April 11, 2003 but  
10 26 prior to June 30, 2003, for a violation of section  
10 27 453A.2, subsection 1, which was pending on April 11,  
10 28 2003, the county health department, city health  
10 29 department or city assessing the penalty shall be  
10 30 deemed to have jurisdiction to assess the penalty and

10 31 the penalty assessed is deemed valid.

10 32 Sec. 23. 2003 Iowa Acts, Senate File 453, section  
10 33 31, subsection 1, if enacted, is amended to read as  
10 34 follows:

10 35 1. In lieu of applying a charge for capital assets  
10 36 to the institutions under the control of the state  
10 37 board of regents as otherwise provided in this  
10 38 division for executive branch agencies, the  
10 39 appropriations made from the general fund of the state  
10 40 to the state board of regents for the ~~general~~  
10 41 ~~university~~ operating budgets at the state university  
10 42 of Iowa, Iowa state university of science and  
10 43 technology, and university of northern Iowa, in 2003  
10 44 Iowa Acts, House File 662, section 9, subsections 2,  
10 45 3, and 4, are reduced by \$17,880,000. ~~The state board~~  
10 46 ~~of regents shall apply the reduction as follows: state~~  
10 47 ~~university of Iowa, 46.7 percent, Iowa state~~  
10 48 ~~university of science and technology, 36.8 percent,~~  
10 49 ~~and university of northern Iowa, 16.5 percent.~~

10 50 Sec. 24. 2003 Iowa Acts, Senate File 458, section  
11 1 21, unnumbered paragraph 3, if enacted, is amended to  
11 2 read as follows:

11 3 Of the funds appropriated in this section, up to  
11 4 \$10,000 is transferred to the ~~Iowa~~ department of  
11 5 ~~public health~~ human services for allocation to  
11 6 community mental health centers to provide counseling  
11 7 services to persons who are members of the national  
11 8 guard and reservists activated but as yet not sent to  
11 9 combat zones and to the persons' family members. The  
11 10 sessions shall be provided on a first come, first  
11 11 served basis and shall be limited to three visits per  
11 12 family.

11 13 Sec. 25. 2003 Iowa Acts, Senate File 458, section  
11 14 149, if enacted, is amended to read as follows:

11 15 SEC. 149. SUPPLEMENTAL PAYMENT ADJUSTMENTS FOR  
11 16 PHYSICIAN SERVICES. To the extent that, pursuant to  
11 17 law enacted by the Eightieth General Assembly, 2003  
11 18 Session, supplemental payment adjustments are  
11 19 implemented for physician services provided to medical  
11 20 assistance program participants at publicly owned  
11 21 acute care hospitals, the department of human services  
11 22 shall not, directly or indirectly, recoup the  
11 23 supplemental payment adjustments for any reason,  
11 24 unless an amount equivalent to the amount of  
11 25 adjustment funds ~~that were~~ is first transferred to the  
11 26 ~~department by the state~~ university of Iowa college of  
11 27 ~~medicine is transferred by the department to the~~  
11 28 qualifying physicians. Any such amount transferred  
11 29 and identified as a supplemental payment under this  
11 30 section shall then be refunded to the department of  
11 31 human services, per the agreement executed for this  
11 32 purpose between the department and the university of  
11 33 Iowa.

11 34 Sec. 26. 2003 Iowa Acts, Senate File 458, section  
11 35 171, subsection 1, if enacted, is amended to read as  
11 36 follows:

11 37 1. PURPOSE. The general assembly finds that the  
11 38 Iowa communications network is a valuable state asset  
11 39 that has served the people of the state well, but  
11 40 which requires significant ongoing financial support  
11 41 from the state in the form of annual appropriations.  
11 42 The operation of a telecommunications network is a  
11 43 function that can be and generally is conducted by  
11 44 private enterprise. It is in the public interest to  
11 45 sell the Iowa communications network to a qualified  
11 46 private business enterprise that will commit to  
11 47 provide the same secure low-cost high-quality service  
11 48 to ~~state and federal~~ public and private agencies and  
11 49 ~~military installations, as defined in chapter 8D, now~~  
11 50 provided by the network. Through such a sale, the  
12 1 state would eliminate the need for ongoing annual  
12 2 appropriations while preserving the key benefits  
12 3 enjoyed by the state under the present state ownership  
12 4 of the network. The state also expects to obtain  
12 5 sufficient proceeds from such a sale to cover existing  
12 6 obligations and to realize additional proceeds above  
12 7 the level of such obligations. Given the current  
12 8 depressed state of the telecommunications industry,  
12 9 the state can reasonably be expected to maximize sales  
12 10 proceeds by allowing a purchaser a period of time in  
12 11 which to assemble financing for its purchase. During

12 12 the interim between enactment of this division of this  
12 13 Act and completion of a sale, the services of a  
12 14 private-enterprise manager with experience operating  
12 15 telecommunications networks can reasonably be expected  
12 16 to reduce the costs of operating the Iowa  
12 17 communications network, thereby lowering annual  
12 18 appropriations.

12 19 Sec. 27. 2003 Iowa Acts, Senate File 458, section  
12 20 172, subsection 2, paragraph b, if enacted, is amended  
12 21 to read as follows:

12 22 b. Select a manager and enter into a management  
12 23 contract with the manager by October 1, 2004. The  
12 24 management contract shall provide for the continuation  
12 25 of all services currently being provided to ~~state and~~  
~~12 26 federal public and private agencies and military~~  
~~12 27 installations~~ pursuant to chapter 8D, at the rates  
12 28 specified therein, for the duration of the contract.  
12 29 The contract shall also specify the manager's  
12 30 authority in relation to the duties of the commission  
12 31 during the period between execution of the management  
12 32 contract and closing of the sale of the network. The  
12 33 commission shall establish a dispute resolution  
12 34 process regarding rate increases, quality of service  
12 35 issues, and other areas of dispute involving network  
12 36 subscribers. The commission shall also make  
12 37 recommendations regarding imposition of an ongoing  
12 38 dispute resolution and appeals process commencing with  
12 39 the closing of the sale of the network.

12 40 Sec. 28. 2003 Iowa Acts, Senate File 458, section  
12 41 173, subsection 1, if enacted, is amended to read as  
12 42 follows:

12 43 1. The ~~principal place of business of the~~  
12 44 purchaser and any parent of the purchaser shall be  
12 45 ~~located operating~~ in the state of Iowa.

12 46 Sec. 29. 2003 Iowa Acts, Senate File 458, section  
12 47 174, subsection 4, if enacted, is amended to read as  
12 48 follows:

12 49 4. Agree to continue all services currently being  
12 50 provided to ~~state and federal public and private~~  
13 1 ~~agencies and military installations, as defined in~~  
~~13 2 chapter 8D,~~ for the next ten years, with any annual  
13 3 rate increase not to exceed five percent per year,  
13 4 provided that the purchaser shall not be required to  
13 5 supply at such restricted prices a quantity or quality  
13 6 of service greater than that provided by the network  
13 7 as of execution of the contract for sale of the  
13 8 network.

13 9 Sec. 30. 2003 Iowa Acts, House File 667, section  
13 10 27, subsection 1, unnumbered paragraph 2, is amended  
13 11 to read as follows:

13 12 For costs associated with the commitment and  
13 13 treatment of sexually violent predators in the unit  
13 14 located at the state mental health institute at  
13 15 Cherokee, including costs of legal services and other  
13 16 associated costs, including salaries, support,  
13 17 maintenance, and miscellaneous purposes and for not  
13 18 more than the following full-time equivalent  
13 19 positions:

13 20 .....	\$	2,675,179
13 21 .....	FTEs	<del>46.00</del>
		<u>57.00</u>

13 23 Sec. 31. EFFECTIVE DATE == RETROACTIVE  
13 24 APPLICABILITY.

13 25 1. The section of this division of this Act  
13 26 amending section 231C.17, being deemed of immediate  
13 27 importance, takes effect upon enactment.

13 28 2. The section of this division of this Act  
13 29 amending 2003 Iowa Acts, Senate File 401, being deemed  
13 30 of immediate importance, takes effect upon enactment  
13 31 and is retroactively applicable to April 11, 2003.

13 32 DIVISION IV  
13 33 CORRECTIVE PROVISIONS

13 34 Sec. 32. Section 8A.505, as enacted by 2003 Iowa  
13 35 Acts, House File 534, section 87, is amended by adding  
13 36 the following new unnumbered paragraph:

13 37 NEW UNNUMBERED PARAGRAPH. There is appropriated  
13 38 annually from the increase in indirect cost  
13 39 reimbursements over the amount of indirect cost  
13 40 reimbursements received during the fiscal year  
13 41 beginning July 1, 2002, to the office of grants  
13 42 enterprise management of the department of management



13 43 the sum of up to one hundred twenty-five thousand  
13 44 dollars. The director shall transfer the funds  
13 45 appropriated to the department of management as  
13 46 provided in this paragraph and shall make the funds  
13 47 resulting from the increase in reimbursements  
13 48 available during the fiscal year to the department of  
13 49 management on a monthly basis. If the amount of the  
13 50 increase in indirect cost reimbursements is  
14 1 insufficient to pay the maximum appropriation provided  
14 2 for in this paragraph, the amount appropriated is  
14 3 equal to the amount of such increase.

14 4 Sec. 33. Section 12C.4, Code 2003, as amended by  
14 5 2003 Iowa Acts, House File 289, section 2, is amended  
14 6 to read as follows:

14 7 12C.4 LOCATION OF DEPOSITORIES.

14 8 Deposits by the treasurer of state shall be in  
14 9 depositories located in this state; by a county  
14 10 officer or county public hospital officer or merged  
14 11 area hospital officer, in depositories located in the  
14 12 county or in an adjoining county within this state; by  
14 13 a memorial hospital treasurer, in a depository located  
14 14 within this state which shall be selected by the  
14 15 memorial hospital treasurer and approved by the  
14 16 memorial hospital commission; by a city treasurer or  
14 17 other city financial officer, in depositories located  
14 18 in the county in which the city is located or in an  
14 19 adjoining county, but if there is no depository in the  
14 20 county in which the city is located or in an adjoining  
14 21 county then in any other depository located in this  
14 22 state which shall be selected as a depository by the  
14 23 city council; by a school treasurer or by a school  
14 24 secretary in a depository within this state which  
14 25 shall be selected by the board of directors or the  
14 26 trustees of the school district; by a township clerk  
14 27 in a depository located within this state which shall  
14 28 be selected by the township clerk and approved by the  
14 29 trustees of the township. However, deposits may be  
14 30 made in depositories outside of Iowa for the purpose  
14 31 of paying principal and interest on bonded  
14 32 indebtedness of any municipality when the deposit is  
14 33 made not more than ten days before the date the  
14 34 principal or interest becomes due. Further, the  
14 35 treasurer of state may maintain an account or accounts  
14 36 outside the state of Iowa for the purpose of providing  
14 37 custodial services for the state and state retirement  
14 38 fund accounts. Deposits made for the purpose of  
14 39 completing an electronic financial transaction  
14 40 pursuant to section ~~14B.203~~ 8A.222 or 331.427 may be  
14 41 made in any depository located in this state.

14 42 Sec. 34. Section 29A.28, subsection 3, as enacted  
14 43 by 2003 Iowa Acts, House File 674, section 3, is  
14 44 amended to read as follows:

14 45 3. Upon returning from a leave of absence under  
14 46 this section, an employee shall be entitled to return  
14 47 to the same position and classification held by the  
14 48 employee at the time of entry ~~onto~~ into state active  
14 49 duty, active state service, or federal service or to  
14 50 the position and classification that the employee  
15 1 would have been entitled to if the continuous civil  
15 2 service of the employee had not been interrupted by  
15 3 state active duty, active state service, or federal  
15 4 service. Under this subsection, "position" includes  
15 5 the geographical location of the position.

15 6 Sec. 35. Section 70A.39, subsection 1, paragraph  
15 7 b, as enacted by 2003 Iowa Acts, House File 381,  
15 8 section 1, is amended to read as follows:

15 9 b. ~~"Vascularized"~~ "Vascular" organ" means a heart,  
15 10 lung, liver, pancreas, kidney, intestine, or other  
15 11 organ that requires the continuous circulation of  
15 12 blood to remain useful for purposes of  
15 13 transplantation.

15 14 Sec. 36. Section 99B.7, subsection 1, paragraph 1,  
15 15 subparagraph (1), Code 2003, as amended by 2003 Iowa  
15 16 Acts, Senate File 453, section 104, if enacted, is  
15 17 amended to read as follows:

15 18 (1) No other gambling is engaged in at the same  
15 19 location, except that lottery tickets or shares issued  
15 20 by the Iowa lottery division of the department of  
~~15 21 revenue and finance authority~~ may be sold pursuant to  
15 22 chapter 99G.

15 23 Sec. 37. Section 507A.4, subsection 9, paragraph

15 24 e, as enacted by 2003 Iowa Acts, House File 647,  
15 25 section 4, is amended to read as follows:  
15 26 e. When not otherwise provided, a foreign or  
15 27 domestic multiple ~~employee~~ employer welfare  
15 28 arrangement doing business in this state shall pay to  
15 29 the commissioner of insurance the fees as required in  
15 30 section 511.24.

15 31 Sec. 38. Section 556.11, subsection 5, Code 2003,  
15 32 as amended by 2003 Iowa Acts, Senate File 180, section  
15 33 2, is amended to read as follows:  
15 34 5. If the holder of property presumed abandoned  
15 35 under this chapter knows the whereabouts of the owner  
15 36 and if the owner's claim has not been barred by the  
15 37 statute of limitations, the holder shall, before  
15 38 filing the annual report, communicate with the owner  
15 39 and take necessary steps to prevent abandonment from  
15 40 being presumed. The holder shall exercise due  
15 41 diligence to ascertain the whereabouts of the owner. A  
15 42 holder is not required to make a due diligence mailing  
15 43 to owners whose property has an aggregate value of  
15 44 less than fifty dollars. The treasurer of state may  
15 45 charge a holder that fails to timely exercise due  
15 46 diligence, as required in this subsection, five  
15 47 dollars for each name and address account reported if  
15 48 thirty=five percent ~~of or~~ more of the accounts are  
15 49 claimed within the twenty=four months immediately  
15 50 following the filing of the holder report.

16 1 Sec. 39. 2003 Iowa Acts, Senate File 438, section  
16 2 3, is repealed.

16 3 Sec. 40. 2003 Iowa Acts, Senate File 453, section  
16 4 11, if enacted, is amended to read as follows:  
16 5 SEC. 11. Sections ~~403.23~~, 405A.1, 405A.2, 405A.3,  
16 6 405A.4, 405A.5, 405A.6, 405A.7, 405A.8, 405A.9,  
16 7 405A.10, 422.65, 427A.12, and 427B.19B, Code 2003, are  
16 8 repealed.

16 9 Sec. 41. 2003 Iowa Acts, Senate File 458, section  
16 10 13, if enacted, is amended to read as follows:  
16 11 SEC. 13. REDUCTION IN CREDITS NOT APPLICABLE. The  
16 12 ~~provision provisions~~ in section 25B.7 relating to the  
16 13 proration of the property tax credits ~~does and the~~  
16 14 ~~estimation of the portion of the credit or exemption~~  
16 15 ~~which will be funded do~~ not apply with respect to the  
16 16 amount of state reimbursement for property tax credits  
16 17 under this division.

16 18 Sec. 42. 2003 Iowa Acts, Senate File 458, section  
16 19 159, if enacted, is amended to read as follows:  
16 20 SEC. 159. EFFECTIVE DATES. The following  
16 21 provisions of this division of this Act, being deemed  
16 22 of immediate importance, take effect upon enactment:  
16 23 1. The amendments to sections 8.23, 8.31, and 8.57  
16 24 which are first applicable to appropriations made for  
16 25 the fiscal year beginning July 1, 2003.  
16 26 2. The amendment to section 12E.12.  
16 27 3. The amendments to sections 15E.42, 15E.43,  
16 28 15E.45, and 15E.51, which apply retroactively to  
16 29 January 1, 2002, for tax years beginning on or after  
16 30 that date.  
16 31 4. The amendment to section 15E.193B.  
16 32 5. The amendment to section 435.26A.  
16 33 6. The amendment to section 453A.2, which shall  
16 34 only take effect if 2003 Iowa Acts, Senate File 401,  
16 35 is enacted by the Eightieth General Assembly, 2003  
16 36 Regular Session.  
16 37 7. The amendments to sections 453C.1 and 453C.2  
16 38 and the related severability provision.  
16 39 8. The amendments to sections 518.18 and 518A.35.  
16 40 9. The section directing the department of  
16 41 corrections to develop a plan for selling certain  
16 42 land.  
16 43 10. The section relating to the sales and use tax  
16 44 refund.  
16 45 11. The section relating to the school district  
16 46 reimbursement claim.

16 47 The sections of this division of this Act amending  
16 48 section 80B.5 and enacting section 80B.5A are  
16 49 applicable to the appointment of the director of the  
16 50 Iowa law enforcement academy for the term beginning  
17 1 May 1, 2004.

17 2 ~~Section 29C.8, subsection 3, paragraph "f", as~~  
17 3 ~~enacted in this division of this Act, and the~~  
17 4 ~~amendment to section 29C.20, subsection 1, as enacted~~

~~17 5 in this division of this Act, take effect July 1,~~  
~~17 6 2004.~~

17 7 Sec. 43. 2003 Iowa Acts, House File 171, section  
17 8 112, the bill section amending clause, is amended to  
17 9 read as follows:

17 10 Section 656.2, subsection 2, paragraph a,  
17 11 unnumbered paragraph ~~11~~ 3, Code 2003, is amended to  
17 12 read as follows:

17 13 Sec. 44. 2003 Iowa Acts, House File 662, section  
17 14 5, subsection 8, paragraphs a and b, if enacted, are  
17 15 amended to read as follows:

17 16 a. Of the amount appropriated in this ~~section~~  
17 17 ~~subsection~~, \$347,371 shall be allocated to the public  
17 18 broadcasting division for purposes of providing  
17 19 support for functions related to the Iowa  
17 20 communications network, including but not limited to  
17 21 the following functions: development of distance  
17 22 learning applications; development of a central  
17 23 information source on the internet relating to  
17 24 educational uses of the network; second-line technical  
17 25 support for network sites; testing and initializing  
17 26 sites onto the network; and coordinating the work of  
17 27 the education telecommunications council.

17 28 b. Of the amount appropriated in this ~~section~~  
17 29 ~~subsection~~, \$1,272,285 shall be allocated to the  
17 30 regional telecommunications councils established in  
17 31 section 8D.5. The regional telecommunications  
17 32 councils shall use the funds to provide technical  
17 33 assistance for network classrooms, planning and  
17 34 troubleshooting for local area networks, scheduling of  
17 35 video sites, and other related support activities.

17 36 Sec. 45. 2003 Iowa Acts, House File 662, section  
17 37 6, unnumbered paragraph 2, if enacted, is amended to  
17 38 read as follows:

17 39 The funds allocated in this ~~subsection~~ section  
17 40 shall be distributed as follows:

17 41 Sec. 46. 2003 Iowa Acts, House File 662, section  
17 42 18, if enacted, is repealed.

17 43 Sec. 47. EFFECTIVE AND APPLICABILITY DATES.

17 44 1. The section of this division of this Act  
17 45 amending section 29A.28, subsection 3, being deemed of  
17 46 immediate importance, takes effect upon enactment and  
17 47 applies retroactively to January 1, 2003.

17 48 2. The section of this division of this Act  
17 49 amending 2003 Iowa Acts, Senate File 458, section 159,  
17 50 being deemed of immediate importance, takes effect  
18 1 upon enactment.

18 2 3. 2003 Iowa Acts, Senate File 458, section 140,  
18 3 relating to nonreversion of funds appropriated in 1996  
18 4 Iowa Acts, chapter 1218, and 1997 Iowa Acts, chapter  
18 5 215, if enacted, being deemed of immediate importance,  
18 6 takes effect upon enactment of this Act.

18 7 DIVISION V

18 8 ALTERNATIVE FORMS OF LOCAL GOVERNMENT

18 9 Sec. 48. Section 331.234, subsections 3 and 4,  
18 10 Code 2003, as amended by 2003 Iowa Acts, Senate File  
18 11 390, section 4, if enacted, are amended to read as  
18 12 follows:

18 13 3. The board shall make available to the  
18 14 commission in-kind services such as office space,  
18 15 printing, supplies, and equipment. ~~The county and~~  
18 16 ~~shall pay from the segregated account established in~~  
~~18 17 subsection 4, the other necessary expenses of the~~  
18 18 commission including compensation for secretarial,  
18 19 clerical, professional, and consultant services. The  
18 20 total annual expenses, not including the value of in=  
18 21 kind expenses, to be paid from public funds shall not  
18 22 exceed one hundred thousand dollars or an amount equal  
18 23 to thirty cents times the population of the commission  
18 24 area, according to the most recent certified federal  
18 25 census. The commission may employ staff as necessary.

18 26 4. ~~The~~ Except as otherwise provided in subsection  
~~18 27 5, the expenses of the commission shall be paid by~~  
~~18 28 each city and county participating in the charter~~  
~~18 29 process or may be paid from the general fund of the~~  
18 30 county. Expenses of the commission may also be paid  
18 31 from any combination of public or private funds  
18 32 available for that purpose. Each city's share shall  
~~18 33 be its pro rata share of the expenses based upon the~~  
~~18 34 ratio that the population of the city bears to the~~  
~~18 35 total population in the county. The county's share~~

~~18 36 shall be its pro rata share of expenses based upon the~~  
~~18 37 ratio that the population of the unincorporated area~~  
~~18 38 of the county bears to the total population of the~~  
~~18 39 county. The amount paid by each city and county~~  
~~18 40 participating in the charter process shall be~~  
~~18 41 deposited in a segregated account maintained by the~~  
~~18 42 county.~~ The commission's annual expenses may exceed  
18 43 the amount in subsection 3 only if the excess is paid  
18 44 from private funds. If a proposed charter is  
18 45 submitted to the electorate, private funds donated to  
18 46 the commission may be used to promote passage of the  
18 47 proposed charter.

18 48 Sec. 49. Section 331.234, Code 2003, is amended by  
18 49 adding the following new subsection:

18 50 NEW SUBSECTION. 5. In the case of a city=county  
19 1 consolidation charter commission or a community  
19 2 commonwealth charter commission, the expenses of the  
19 3 commission shall be paid by each city and county  
19 4 participating in the charter process pursuant to  
19 5 section 331.233A. Each participating city's share  
19 6 shall be its pro rata share of the expenses based upon  
19 7 the ratio that the population of the city bears to the  
19 8 total population in the county. The remainder shall  
19 9 be paid from the general fund of the county. The  
19 10 amount paid by each city and county participating in  
19 11 the charter process shall be deposited in a segregated  
19 12 account maintained by the county.

19 13 Sec. 50. Section 331.235, subsection 3, Code 2003,  
19 14 as amended by 2003 Iowa Acts, Senate File 390, section  
19 15 5, if enacted, is amended to read as follows:

19 16 3. Within twenty months after organization, the  
19 17 commission shall submit the final report to the board.  
19 18 If the commission is created pursuant to section  
19 19 331.264, subsection 4, the commission shall submit the  
19 20 final report to the board within five months after  
19 21 submission of the preliminary report to the board  
19 22 pursuant to section 331.264, subsection 3. A  
19 23 commission created pursuant to section 331.264,  
19 24 subsection 4, may adopt a motion granting itself a  
19 25 sixty-day extension of time for submission of its  
19 26 final report. If the commission recommends a charter  
19 27 including a form of government other than the existing  
19 28 form of government, the final report shall include the  
19 29 full text and an explanation of the proposed charter,  
19 30 ~~a statement of whether the elected officers shall be~~  
~~19 31 elected on a partisan or nonpartisan basis,~~ an  
19 32 analysis of the fiscal impact of the proposed charter,  
19 33 any comments deemed desirable by the commission, and  
19 34 any minority reports. The final report may recommend  
19 35 no change to the existing form of government and that  
19 36 no charter be submitted to the electorate, in which  
19 37 case, the report shall state the reasons for and  
19 38 against a change in the existing form of government.  
19 39 The final report shall be made available to the  
19 40 residents of the county upon request. A summary of  
19 41 the final report shall be published in the official  
19 42 newspapers of the county and in a newspaper of general  
19 43 circulation in each participating city.

19 44 Sec. 51. Section 331.238, subsection 4, if enacted  
19 45 by 2003 Iowa Acts, Senate File 390, section 9, is  
19 46 amended to read as follows:

19 47 4. ~~Subsections 1 and 2 do~~ This section does not  
19 48 apply to the city=county consolidated form of  
19 49 government or the community commonwealth form of  
19 50 government.

20 1 Sec. 52. Section 331.247, subsection 4, Code 2003,  
20 2 as amended by 2003 Iowa Acts, Senate File 390, section  
20 3 11, if enacted, is amended to read as follows:

20 4 4. If an alternative form of government for a  
20 5 consolidated unit of local government is proposed,  
20 6 approval of the consolidation charter shall be  
20 7 separate from approval of the alternative form of  
20 8 government in those cities proposed to be included in  
20 9 the consolidation. The question of whether the  
20 10 election of officers of the consolidated unit of local  
20 11 government shall be with regard to political  
20 12 affiliation shall be a separate question on the  
20 13 ballot. Adoption of the consolidation charter  
20 14 requires the approval of a majority of the votes cast  
20 15 in the entire county. A city named on the ballot is  
20 16 included in the consolidation if the proposed charter

20 17 is approved by a majority of the votes cast in the  
20 18 city. The consolidation charter shall be effective in  
20 19 regard to a city government only if a majority of the  
20 20 voters of the city voting on the question voted for  
20 21 participation in the consolidation charter.  
20 22 Sec. 53. Section 331.248, subsection 2, paragraph  
20 23 j, if enacted by 2003 Iowa Acts, Senate File 390,  
20 24 section 13, is amended by striking the paragraph and  
20 25 inserting in lieu thereof the following:  
20 26 j. Provide for the effective date of the adopted  
20 27 charter.  
20 28 Sec. 54. Section 331.252, Code 2003, as amended by  
20 29 2003 Iowa Acts, Senate File 390, section 18, if  
20 30 enacted, is amended by adding the following new  
20 31 unnumbered paragraph after unnumbered paragraph 2:  
20 32 NEW UNNUMBERED PARAGRAPH. If the charter described  
20 33 on this ballot is adopted, should officers of the new  
20 34 government be elected with regard to political  
20 35 affiliation?  
20 36 Sec. 55. Section 331.254, subsection 7, Code 2003,  
20 37 as amended by 2003 Iowa Acts, Senate File 390, section  
20 38 19, if enacted, is amended to read as follows:  
20 39 7. The merger of the elective offices of each  
20 40 consolidating county with the election of new officers  
20 41 within sixty days after the effective date of the  
20 42 charter ~~which shall specifically provide whether the~~  
20 43 ~~election of new officers shall be on a partisan or~~  
20 44 ~~nonpartisan basis, notwithstanding section 331.238,~~  
20 45 ~~subsection 3.~~ The elections shall be conducted by the  
20 46 county commissioner of elections of each county. No  
20 47 primary election shall be held. Nominations shall be  
20 48 made pursuant to section 43.78 and chapters 44 and 45,  
20 49 as applicable, except that the filing deadline shall  
20 50 be forty days before the election.  
21 1 Sec. 56. Section 331.261, subsection 11, Code  
21 2 2003, as amended by 2003 Iowa Acts, Senate File 390,  
21 3 section 22, if enacted, is amended by striking the  
21 4 subsection and inserting in lieu thereof the  
21 5 following:  
21 6 11. The effective date of the adopted charter.  
21 7 Sec. 57. Section 331.264, subsection 4, if enacted  
21 8 by 2003 Iowa Acts, Senate File 390, section 25, is  
21 9 amended to read as follows:  
21 10 4. If the committee report recommends a city=  
21 11 county consolidation or community commonwealth, the  
21 12 committee shall continue its existence and be  
21 13 designated, and operate with the powers and duties of,  
21 14 a commission created pursuant to section 331.233A. If  
21 15 the committee report recommends a multicounty  
21 16 consolidation, the committee shall continue its  
21 17 existence and be designated, and operate with the  
21 18 powers and duties of, a commission created pursuant to  
21 19 section 331.233. ~~If the committee recommends an~~  
21 20 ~~alternative form of government, that recommendation~~  
21 21 ~~shall state whether elections conducted under that~~  
21 22 ~~form of government shall be partisan or nonpartisan.~~  
21 23 Sec. 58. EFFECTIVE AND APPLICABILITY DATES. This  
21 24 division of this Act, being deemed of immediate  
21 25 importance, takes effect upon enactment and applies to  
21 26 charter commissions in existence on that date.  
21 27 DIVISION VI  
21 28 CRIMINAL OFFENDERS AND INMATES  
21 29 Sec. 59. Section 321J.2, subsection 2, paragraph  
21 30 a, subparagraph (1), Code 2003, is amended to read as  
21 31 follows:  
21 32 (1) Imprisonment in the county jail for not less  
21 33 than forty-eight hours, to be served as ordered by the  
21 34 court, less credit for any time the person was  
21 35 confined in a jail or detention facility following  
21 36 arrest or for any time the person spent in a court=  
21 37 ordered operating=while=intoxicated program that  
21 38 provides law enforcement security. However, the  
21 39 court, in ordering service of the sentence and in its  
21 40 discretion, may accommodate the defendant's work  
21 41 schedule.  
21 42 Sec. 60. NEW SECTION. 811.2A PRETRIAL RELEASE.  
21 43 A person, who has been released under a plan of  
21 44 pretrial release or on the person's own recognizance  
21 45 and who is subsequently arrested for a new criminal  
21 46 offense while under the plan of pretrial release or  
21 47 released on the person's own recognizance, shall not

21 48 be eligible for another release pursuant to pretrial  
21 49 release guidelines or released on the person's own  
21 50 recognizance, if all of the following apply:  
22 1 1. The arrest for the new criminal offense is  
22 2 based on a set of facts or an event that is different  
22 3 than involved in the earlier arrest.  
22 4 2. The new criminal offense is classified as  
22 5 greater than a serious misdemeanor.  
22 6 However, a person may be admitted to bail if  
22 7 eligible pursuant to section 811.1.  
22 8 Sec. 61. Section 901.4, Code 2003, is amended to  
22 9 read as follows:  
22 10 901.4 PRESENTENCE INVESTIGATION REPORT  
22 11 CONFIDENTIAL == DISTRIBUTION.  
22 12 The presentence investigation report is  
22 13 confidential and the court shall provide safeguards to  
22 14 ensure its confidentiality, including but not limited  
22 15 to sealing the report, which may be opened only by  
22 16 further court order. At least three days prior to the  
22 17 date set for sentencing, the court shall serve all of  
22 18 the presentence investigation report upon the  
22 19 defendant's attorney and the attorney for the state,  
22 20 and the report shall remain confidential except upon  
22 21 court order. However, the court may conceal the  
22 22 identity of the person who provided confidential  
22 23 information. The report of a medical examination or  
22 24 psychological or psychiatric evaluation shall be made  
22 25 available to the attorney for the state and to the  
22 26 defendant upon request. The reports are part of the  
22 27 record but shall be sealed and opened only on order of  
22 28 the court. If the defendant is committed to the  
22 29 custody of the Iowa department of corrections and is  
22 30 not a class "A" felon, a copy of the presentence  
22 31 investigation report shall be forwarded to the  
22 32 director with the order of commitment by the clerk of  
22 33 the district court and to the board of parole at the  
22 34 time of commitment. The Pursuant to section 904.602,  
22 35 the presentence investigation report may also be  
22 36 released by the department of corrections or a  
22 37 judicial district department of correctional services  
22 38 pursuant to section 904.602 to another jurisdiction  
22 39 for the purpose of providing interstate probation and  
22 40 parole compact services or evaluations, or to a  
22 41 substance abuse or mental health services provider  
22 42 when referring a defendant for services. The  
22 43 defendant or the defendant's attorney may file with  
22 44 the presentence investigation report, a denial or  
22 45 refutation of the allegations, or both, contained in  
22 46 the report. The denial or refutation shall be  
22 47 included in the report. If the person is sentenced  
22 48 for an offense which requires registration under  
22 49 chapter 692A, the court shall release the report to  
22 50 the department which is responsible under section  
23 1 692A.13A for performing the assessment of risk.  
23 2 Sec. 62. Section 901B.1, subsection 1, paragraph  
23 3 c, subparagraph (5), Code 2003, is amended to read as  
23 4 follows:  
23 5 (5) A substance abuse treatment facility as  
23 6 established and operated by the Iowa department of  
23 7 public health or the department of corrections.  
23 8 Sec. 63. Section 903A.2, subsection 1, paragraph  
23 9 a, Code 2003, is amended to read as follows:  
23 10 a. Category "A" sentences are those sentences  
23 11 which are not subject to a maximum accumulation of  
23 12 earned time of fifteen percent of the total sentence  
23 13 of confinement under section 902.12. To the extent  
23 14 provided in subsection 5, category "A" sentences also  
23 15 include life sentences imposed under section 902.1.  
23 16 An inmate of an institution under the control of the  
23 17 department of corrections who is serving a category  
23 18 "A" sentence is eligible for a reduction of sentence  
23 19 equal to one and two-tenths days for each day the  
23 20 inmate demonstrates good conduct and satisfactorily  
23 21 participates in any program or placement status  
23 22 identified by the director to earn the reduction. The  
23 23 programs include but are not limited to the following:  
23 24 (1) Employment in the institution.  
23 25 (2) Iowa state industries.  
23 26 (3) An employment program established by the  
23 27 director.  
23 28 (4) A treatment program established by the

23 29 director.  
23 30 (5) An inmate educational program approved by the  
23 31 director.  
23 32 An inmate serving a category "A" sentence is  
23 33 eligible for an additional reduction of sentence of up  
23 34 to three hundred sixty-five days of the full term of  
23 35 the sentence of the inmate for exemplary acts. In  
23 36 accordance with section 903A.4, the director shall by  
23 37 policy identify what constitutes an exemplary act that  
23 38 may warrant an additional reduction of sentence.  
23 39 Sec. 64. Section 903A.3, subsection 2, Code 2003,  
23 40 is amended to read as follows:  
23 41 2. The orders of the administrative law judge are  
23 42 subject to appeal to the superintendent or warden of  
23 43 the institution, or the superintendent's or warden's  
23 44 designee, who may either affirm, modify, remand for  
23 45 correction of procedural errors, or reverse an order.  
23 46 However, sanctions shall not be increased on appeal.  
23 47 ~~A decision of the superintendent, warden, or designee~~  
23 48 ~~is subject to review by the director of the Iowa~~  
23 49 ~~department of corrections who may either affirm,~~  
23 50 ~~modify, remand for correction of procedural errors, or~~  
24 1 ~~reverse the decision. However, sanctions shall not be~~  
24 2 ~~increased on review.~~  
24 3 Sec. 65. NEW SECTION. 904.117 INTERSTATE COMPACT  
24 4 FUND.  
24 5 An interstate compact fund is established under the  
24 6 control of the department. All interstate compact  
24 7 fees collected by the department pursuant to section  
24 8 907B.5 shall be deposited into the fund and the moneys  
24 9 shall be used by the department to offset the costs of  
24 10 complying with the interstate compact for adult  
24 11 offender supervision in chapter 907B. Notwithstanding  
24 12 section 8.33, moneys remaining in the fund at the end  
24 13 of a fiscal year shall not revert to the general fund  
24 14 of the state. Notwithstanding section 12C.7, interest  
24 15 and earnings deposited in the fund shall be credited  
24 16 to the fund.  
24 17 Sec. 66. Section 904.503, subsection 2, Code 2003,  
24 18 is amended to read as follows:  
24 19 2. When the director has cause to believe that an  
24 20 inmate in a state correctional institution is mentally  
24 21 ill, the Iowa department of corrections may cause the  
24 22 inmate to be transferred to the Iowa medical and  
24 23 classification center, or to another appropriate  
24 24 facility within the department, for examination,  
24 25 diagnosis, or treatment. The inmate shall be confined  
24 26 at that institution center or facility or a state  
24 27 hospital for persons with mental illness until the  
24 28 expiration of the inmate's sentence or until the  
24 29 inmate is pronounced in good mental health. If the  
24 30 inmate is pronounced in good mental health before the  
24 31 expiration of the inmate's sentence, the inmate shall  
24 32 be returned to the state correctional institution  
24 33 until the expiration of the inmate's sentence.  
24 34 Sec. 67. Section 904.508, subsection 2, Code 2003,  
24 35 is amended to read as follows:  
24 36 2. ~~The Pursuant to section 904.702, the director~~  
24 37 ~~shall establish and maintain an inmate savings fund in~~  
24 38 ~~an interest-bearing account for the deposit of all or~~  
24 39 ~~part of an inmate's allowances, as provided in section~~  
24 40 ~~904.702 and amounts, except amounts directed to be~~  
24 41 ~~deposited in the inmate telephone fund established in~~  
24 42 ~~section 904.508A, sent to the inmate from a source~~  
24 43 ~~other than the department. All or part of an inmate's~~  
24 44 ~~allowances and amounts, except amounts directed to be~~  
24 45 ~~deposited in the inmate telephone fund established in~~  
24 46 ~~section 904.508A, from a source other than the~~  
24 47 ~~department shall be deposited into the savings fund,~~  
24 48 ~~until the inmate's deposit is equal to the amount due~~  
24 49 ~~the inmate upon discharge, parole, or placement on~~  
24 50 ~~work release, one hundred dollars as provided in~~  
25 1 section 906.9. If an inmate's deposits are equal this  
25 2 amount to or in excess of one hundred dollars, the  
25 3 inmate may voluntarily withdraw from the savings fund.  
25 4 The director shall notify the inmate of this right to  
25 5 withdraw and shall provide the inmate with a written  
25 6 request form to facilitate the withdrawal. If the  
25 7 inmate withdraws and the inmate's deposits exceed the  
25 8 amount due as provided in section 906.9, the director  
25 9 shall disburse the excess amount as provided for

25 10 allowances under section 904.702, except the director  
25 11 shall not deposit the excess amount in the inmate  
25 12 savings fund. If the inmate chooses to continue to  
25 13 participate in the savings fund, the inmate's deposits  
25 14 shall be returned to the inmate upon discharge,  
25 15 parole, or placement on work release. Otherwise, the  
25 16 inmate's deposits shall be disposed of as provided in  
25 17 subsection 3. An inmate's deposits into the savings  
25 18 fund may be used to provide the money due the inmate  
25 19 upon discharge, parole, or placement on work release,  
25 20 as required under section 906.9. Interest earned from  
25 21 the savings fund shall be placed in a separate  
25 22 account, and may be used for purchases approved by the  
25 23 director to directly and collectively benefit inmates.  
25 24 Sec. 68. Section 904.508A, Code 2003, is amended  
25 25 to read as follows:  
25 26 904.508A INMATE TELEPHONE ~~REBATE~~ FUND.  
25 27 The department is authorized to establish and  
25 28 maintain an inmate telephone ~~rebate~~ fund in ~~each~~  
~~25 29 institution~~ for the deposit of moneys received for  
25 30 inmate telephone ~~rebates~~ calls. All funds deposited  
25 31 in this fund shall be used for the benefit of inmates.  
25 32 The director shall adopt rules providing for the  
25 33 disbursement of moneys from the fund.  
25 34 Sec. 69. Section 904.513, subsection 1, paragraph  
25 35 b, subparagraph (4), Code 2003, is amended to read as  
25 36 follows:  
25 37 (4) Assignment may also be made on the basis of  
25 38 the offender's treatment program performance, as a  
25 39 disciplinary measure, for medical needs, and for space  
25 40 availability at community residential facilities. If  
25 41 there is insufficient space at a community residential  
25 42 facility, the court may order an offender to be  
25 43 released to the supervision of the judicial district  
25 44 department of correctional services, ~~or held in jail,~~  
~~25 45 or committed to the custody of the director of the~~  
~~25 46 department of corrections for assignment to an~~  
~~25 47 appropriate correctional facility until there is~~  
~~25 48 sufficient space at a community residential facility.~~  
25 49 Sec. 70. Section 904.702, unnumbered paragraph 1,  
25 50 Code 2003, is amended to read as follows:  
26 1 If allowances are paid pursuant to section 904.701,  
26 2 the director shall establish an inmate account, for  
26 3 deposit of those allowances and for deposit of moneys  
26 4 sent to the inmate from a source other than the  
26 5 department of corrections. The director may deduct an  
26 6 amount, not to exceed ten percent of the amount of the  
26 7 allowance, unless the inmate requests a larger amount,  
26 8 to be deposited into the inmate savings fund as  
26 9 required under section 904.508, subsection 2. In  
26 10 addition to deducting a portion of the allowance, the  
26 11 director may also deduct from an inmate account any  
26 12 amount, except amounts directed to be deposited in the  
26 13 inmate telephone fund established in section 904.508A,  
26 14 sent to the inmate from a source other than the  
26 15 department of corrections for deposit in the inmate  
26 16 savings fund as required under section 904.508,  
26 17 subsection 2, until the amount in the fund equals the  
26 18 amount due the inmate upon discharge, parole, or  
26 19 placement on work release. The director shall deduct  
26 20 from the inmate account an amount established by the  
26 21 inmate's restitution plan of payment. The director  
26 22 shall also deduct from any remaining account balance  
26 23 an amount sufficient to pay all or part of any  
26 24 judgment against the inmate, including but not limited  
26 25 to judgments for taxes and child support, and court  
26 26 costs and fees assessed either as a result of the  
26 27 inmate's confinement or amounts required to be paid  
26 28 under section 610A.1. Written notice of the amount of  
26 29 the deduction shall be given to the inmate, who shall  
26 30 have five days after receipt of the notice to submit  
26 31 in writing any and all objections to the deduction to  
26 32 the director, who shall consider the objections prior  
26 33 to transmitting the deducted amount to the clerk of  
26 34 the district court. The director need give only one  
26 35 notice for each action or appeal under section 610A.1  
26 36 for which periodic deductions are to be made. The  
26 37 director shall next deduct from any remaining account  
26 38 balance an amount sufficient to pay all or part of any  
26 39 costs assessed against the inmate for misconduct or  
26 40 damage to the property of others. The director may



26 41 deduct from the inmate's account an amount sufficient  
26 42 to pay for the inmate's share of the costs of health  
26 43 services requested by the inmate and for the treatment  
26 44 of injuries inflicted by the inmate on the inmate or  
26 45 others. The director may deduct and disburse an  
26 46 amount sufficient for industries' programs to qualify  
26 47 under the eligibility requirements established in the  
26 48 Justice Assistance Act of 1984, Pub. L. No. 98-473,  
26 49 including an amount to pay all or part of the cost of  
26 50 the inmate's incarceration. The director may pay all  
27 1 or any part of remaining allowances paid pursuant to  
27 2 section 904.701 directly to a dependent of the inmate,  
27 3 or may deposit the allowance to the account of the  
27 4 inmate, or may deposit a portion and allow the inmate  
27 5 a portion for the inmate's personal use.

27 6 Sec. 71. Section 907.4, Code 2003, is amended to  
27 7 read as follows:

27 8 907.4 DEFERRED JUDGMENT DOCKET.

27 9 A deferment of judgment under section 907.3 shall  
27 10 be reported promptly by the clerk of the district  
27 11 court, or the clerk's designee, to the state court  
27 12 administrator for entry in the deferred judgment  
27 13 docket. The docket shall contain a permanent record  
27 14 of the deferred judgment including the name and date  
27 15 of birth of the defendant, the district court docket  
27 16 number, the nature of the offense, and the date of the  
27 17 deferred judgment. Before granting deferred judgment  
27 18 in any case, the court shall request of the state  
27 19 court administrator a search of the deferred judgment  
27 20 docket and shall consider any prior record of a  
27 21 deferred judgment against the defendant. The  
27 22 permanent record provided for in this section is a  
27 23 confidential record exempted from public access under  
27 24 section 22.7 and shall be available only to justices  
27 25 of the supreme court, judges of the court of appeals,  
27 26 district judges, district associate judges, judicial  
27 27 magistrates, clerks of the district court, judicial  
27 28 district departments of correctional services, and  
27 29 county attorneys requesting information pursuant to  
27 30 this section, or the designee of a justice, judge,  
27 31 magistrate, clerk, judicial district department of  
27 32 correctional services, or county attorney.

27 33 Sec. 72. Section 907.9, subsections 1, 2, and 4,  
27 34 Code 2003, are amended to read as follows:

27 35 1. At any time that the court determines that the  
27 36 purposes of probation have been fulfilled and the fees  
27 37 imposed under section 905.14 have been paid ~~to or~~  
27 38 ~~waived by the judicial district department of~~  
27 39 ~~correctional services or on condition that unpaid~~  
27 40 ~~supervision fees be paid,~~ the court may order the

27 41 discharge of a person from probation.  
27 42 2. At any time that a probation officer determines  
27 43 that the purposes of probation have been fulfilled and  
27 44 the fees imposed under section 905.14 have been paid  
27 45 ~~to or waived by the judicial district department of~~  
27 46 ~~correctional services or on condition that unpaid~~  
27 47 ~~supervision fees be paid,~~ the officer may order the  
27 48 discharge of a person from probation after approval of  
27 49 the district director and notification of the  
27 50 sentencing court and the county attorney who  
28 1 prosecuted the case.

28 2 4. At the expiration of the period of probation  
28 3 and if the fees imposed under section 905.14 have been  
28 4 paid ~~to or waived by the judicial district department~~  
28 5 ~~of correctional services or on condition that unpaid~~  
28 6 ~~supervision fees be paid,~~ the court shall order the  
28 7 discharge of the person from probation, and the court  
28 8 shall forward to the governor a recommendation for or  
28 9 against restoration of citizenship rights to that  
28 10 person. A person who has been discharged from  
28 11 probation shall no longer be held to answer for the  
28 12 person's offense. Upon discharge from probation, if  
28 13 judgment has been deferred under section 907.3, the  
28 14 court's criminal record with reference to the deferred  
28 15 judgment shall be expunged. The record maintained by  
28 16 the state court administrator as required by section  
28 17 907.4 shall not be expunged. The court's record shall  
28 18 not be expunged in any other circumstances.

28 19 Sec. 73. NEW SECTION. 907B.4 INTERSTATE COMPACT  
28 20 FEE.

28 21 The department of corrections may assess a fee, not

28 22 to exceed one hundred dollars, for an application to  
28 23 transfer out of the state under the interstate compact  
28 24 for adult offender supervision. The fee may be waived  
28 25 by the department. The moneys collected pursuant to  
28 26 this section shall be deposited into the interstate  
28 27 compact fund established in section 904.117 and shall  
28 28 be used to offset the costs of complying with the  
28 29 interstate compact for adult offender supervision.

28 30 Sec. 74. Section 910.3B, Code 2003, is amended to  
28 31 read as follows:

28 32 910.3B RESTITUTION FOR DEATH OF VICTIM.

28 33 1. In all criminal cases in which the offender is  
28 34 convicted of a felony in which the act or acts  
28 35 committed by the offender caused the death of another  
28 36 person, in addition to the amount determined to be  
28 37 payable and ordered to be paid to a victim for  
28 38 pecuniary damages, as defined under section 910.1, and  
28 39 determined under section 910.3, the court shall also  
28 40 order the offender to pay at least one hundred fifty  
28 41 thousand dollars in restitution to the victim's estate  
28 42 if the victim died testate. If the victim died  
28 43 intestate the court shall order the offender to pay

28 44 the restitution to the victim's heirs at law as

28 45 determined pursuant to section 633.210. The  
28 46 obligation to pay the additional amount shall not be  
28 47 dischargeable in any proceeding under the federal  
28 48 Bankruptcy Act. Payment of the additional amount  
28 49 shall have the same priority as payment of a victim's  
28 50 pecuniary damages under section 910.2, in the  
29 1 offender's plan for restitution.

29 2 2. An award under this section does not preclude  
29 3 or supersede the right of a victim's estate or heirs  
29 4 at law to bring a civil action against the offender  
29 5 for damages arising out of the same facts or event.  
29 6 However, no evidence relating to the entry of the  
29 7 judgment against the offender pursuant to this section  
29 8 or the amount of the award ordered pursuant to this  
29 9 section shall be permitted to be introduced in any  
29 10 civil action for damages arising out of the same facts  
29 11 or event.

29 12 3. An offender who is ordered to pay a victim's  
29 13 estate or heirs at law under this section is precluded  
29 14 from denying the elements of the felony offense which  
29 15 resulted in the order for payment in any subsequent  
29 16 civil action for damages arising out of the same facts  
29 17 or event.

29 18 Sec. 75. Section 915.100, subsection 2, paragraph  
29 19 c, Code 2003, is amended to read as follows:

29 20 c. In cases where the act committed by an offender  
29 21 causes the death of another person, in addition to the  
29 22 amount ordered for payment of the victim's pecuniary  
29 23 damages, the court shall also order the offender to  
29 24 pay at least one hundred fifty thousand dollars in  
29 25 restitution to the victim's estate or heirs at law,  
29 26 pursuant to the provisions of section 910.3B.

29 27 DIVISION VII

29 28 ECONOMIC DEVELOPMENT APPROPRIATIONS

29 29 Sec. 76. MARKETING APPROPRIATION.

29 30 1. There is appropriated from the grow Iowa fund  
29 31 created in section 15G.107, if enacted by 2003 Iowa  
29 32 Acts, House File 692 or another Act, to the department  
29 33 of economic development, for the fiscal period  
29 34 beginning July 1, 2004, and ending June 30, 2010, the  
29 35 following amounts, or so much thereof as is necessary,  
29 36 to be used for the purpose designated:

29 37 For implementing and administering the marketing  
29 38 strategy approved under section 15G.108, if enacted by  
29 39 2003 Iowa Acts, House File 692 or another Act:

29 40 FY 2004=2005.....	\$ 10,000,000
29 41 FY 2005=2006.....	\$ 10,000,000
29 42 FY 2006=2007.....	\$ 5,000,000
29 43 FY 2007=2008.....	\$ 5,000,000
29 44 FY 2008=2009.....	\$ 5,000,000
29 45 FY 2009=2010.....	\$ 2,500,000

29 46 2. Notwithstanding section 8.33, moneys that  
29 47 remain unexpended at the end of a fiscal year shall  
29 48 not revert to any fund but shall remain available for  
29 49 expenditure for the designated purposes during the  
29 50 succeeding fiscal year.

30 1 Sec. 77. DEPARTMENT OF ECONOMIC DEVELOPMENT

30 2 APPROPRIATION.

30 3 1. There is appropriated from the grow Iowa fund  
30 4 created in section 15G.107, if enacted by 2003 Iowa  
30 5 Acts, House File 692 or another Act, to the department  
30 6 of economic development for the fiscal period  
30 7 beginning July 1, 2003, and ending June 30, 2010, the  
30 8 following amounts, or so much thereof as is necessary,  
30 9 to be used for the purpose designated:

30 10 For programs administered by the department of  
30 11 economic development:

30 12 FY 2003=2004.....	\$ 41,575,000
30 13 FY 2004=2005.....	\$ 31,575,000
30 14 FY 2005=2006.....	\$ 35,000,000
30 15 FY 2006=2007.....	\$ 32,500,000
30 16 FY 2007=2008.....	\$ 30,500,000
30 17 FY 2008=2009.....	\$ 13,500,000
30 18 FY 2009=2010.....	\$ 13,500,000

30 19 2. Notwithstanding section 8.33, moneys that  
30 20 remain unexpended at the end of a fiscal year shall  
30 21 not revert to any fund but shall remain available for  
30 22 expenditure for the designated purposes during the  
30 23 succeeding fiscal year.

30 24 3. Each year that moneys are appropriated under  
30 25 this section, the grow Iowa board shall allocate a  
30 26 percentage of the moneys for each of the following  
30 27 types of activities:

- 30 28 a. Business start-ups.
- 30 29 b. Business expansion.
- 30 30 c. Business modernization.
- 30 31 d. Business attraction.
- 30 32 e. Business retention.
- 30 33 f. Marketing.

30 34 4. An applicant for moneys appropriated under this  
30 35 section shall be required by the department to include  
30 36 in the application a statement regarding the intended  
30 37 return on investment. A recipient of moneys  
30 38 appropriated under this section shall annually submit  
30 39 a statement to the department regarding the progress  
30 40 achieved on the intended return on investment stated  
30 41 in the application. The department, in cooperation  
30 42 with the department of revenue and finance, shall  
30 43 develop a method of identifying and tracking each new  
30 44 job created through financial assistance from moneys  
30 45 appropriated under this section.

30 46 5. The department may use moneys appropriated  
30 47 under this section to procure technical assistance  
30 48 from either the public or private sector, for  
30 49 information technology purposes, and for rail, air, or  
30 50 river port transportation-related purposes. The use  
31 1 of moneys appropriated for rail, air, or river port  
31 2 transportation-related purposes must be directly  
31 3 related to an economic development project and the  
31 4 moneys must be used to leverage other financial  
31 5 assistance moneys.

31 6 6. Of the moneys appropriated under this section,  
31 7 the department may use one-quarter of one percent for  
31 8 administrative purposes.

31 9 7. The grow Iowa board is required to approve or  
31 10 deny applications for financial assistance from moneys  
31 11 appropriated under this section.

31 12 Sec. 78. UNIVERSITY AND COLLEGE FINANCIAL  
31 13 ASSISTANCE APPROPRIATION.

31 14 1. There is appropriated from the grow Iowa fund  
31 15 created in section 15G.107, if enacted by 2003 Iowa  
31 16 Acts, House File 692 or another Act, to the grow Iowa  
31 17 board for the fiscal period beginning July 1, 2003,  
31 18 and ending June 30, 2010, the following amounts, or so  
31 19 much thereof as is necessary, to be used for the  
31 20 purposes designated:

31 21 For financial assistance for institutions of higher  
31 22 learning under the control of the state board of  
31 23 regents and for accredited private institutions as  
31 24 defined in section 261.9 for multiuse, goods  
31 25 manufacturing processes approved by the food and drug  
31 26 administration of the United States department of  
31 27 health and human services, protein purification  
31 28 facilities for plant, animal, and chemical  
31 29 manufactured proteins; upgrading food and drug  
31 30 administration drug approval laboratories in Iowa City  
31 31 to a larger multiclient, goods manufacturing processes  
31 32 facility; crop and animal livestock facilities for the  
31 33 growing of transgenic crops and livestock; and

31 34 advanced laboratory space:

31 35 FY 2003=2004.....	\$	5,325,000
31 36 FY 2004=2005.....	\$	5,325,000
31 37 FY 2005=2006.....	\$	5,325,000
31 38 FY 2006=2007.....	\$	5,325,000
31 39 FY 2007=2008.....	\$	5,325,000
31 40 FY 2008=2009.....	\$	5,325,000
31 41 FY 2009=2010.....	\$	5,325,000

31 42 2. Notwithstanding section 8.33, moneys that  
 31 43 remain unexpended at the end of a fiscal year shall  
 31 44 not revert to any fund but shall remain available for  
 31 45 expenditure for the designated purposes during the  
 31 46 succeeding fiscal year.

31 47 3. In the distribution of moneys appropriated  
 31 48 pursuant to this section, the grow Iowa board shall  
 31 49 examine the potential for using moneys appropriated  
 31 50 pursuant to this section to leverage other moneys for  
 32 1 financial assistance to accredited private  
 32 2 institutions.

32 3 4. In awarding moneys appropriated pursuant to  
 32 4 this section, the grow Iowa board shall consider  
 32 5 whether the purchase of suitable existing  
 32 6 infrastructure is more cost-efficient than building  
 32 7 new infrastructure.

32 8 5. An institution of higher learning under the  
 32 9 control of the state board of regents may apply to use  
 32 10 financial assistance moneys under this section for  
 32 11 purposes of a public and private joint venture to  
 32 12 acquire infrastructure assets or research facilities  
 32 13 or to leverage moneys in a manner consistent with  
 32 14 meeting the goals and performance measures provided in  
 32 15 section 15G.106, if enacted by 2003 Iowa Acts, House  
 32 16 File 692 or another Act.

32 17 Sec. 79. REHABILITATION PROJECT TAX CREDITS  
 32 18 APPROPRIATION.

32 19 1. There is appropriated from the grow Iowa fund  
 32 20 created in section 15G.107, if enacted by 2003 Iowa  
 32 21 Acts, House File 692 or another Act, to the general  
 32 22 fund of the state, for the fiscal period beginning  
 32 23 July 1, 2003, and ending June 30, 2010, the following  
 32 24 amounts, or so much thereof as is necessary, to be  
 32 25 used for the purpose designated:

32 26 For payment of tax credits approved pursuant to	
32 27 section 404A.4 for projects located in certified	
32 28 cultural and entertainment districts:	
32 29 FY 2003=2004.....	\$ 700,000
32 30 FY 2004=2005.....	\$ 700,000
32 31 FY 2005=2006.....	\$ 700,000
32 32 FY 2006=2007.....	\$ 700,000
32 33 FY 2007=2008.....	\$ 700,000
32 34 FY 2008=2009.....	\$ 700,000
32 35 FY 2009=2010.....	\$ 700,000

32 36 2. Notwithstanding section 8.33, moneys that  
 32 37 remain unexpended at the end of a fiscal year shall  
 32 38 not revert to any fund but shall remain available for  
 32 39 expenditure for the designated purposes during the  
 32 40 succeeding fiscal year.

32 41 Sec. 80. LOAN AND CREDIT GUARANTEE FUND  
 32 42 APPROPRIATION.

32 43 1. There is appropriated from the grow Iowa fund  
 32 44 created in section 15G.107, if enacted by 2003 Iowa  
 32 45 Acts, House File 692 or another Act, to the department  
 32 46 of economic development for the fiscal period  
 32 47 beginning July 1, 2003, and ending June 30, 2010, the  
 32 48 following amounts, or so much thereof as is necessary,  
 32 49 to be used for the purpose designated:

32 50 For deposit in the loan and credit guarantee fund	
33 1 created in section 15E.227:	
33 2 FY 2003=2004.....	\$ 2,500,000
33 3 FY 2004=2005.....	\$ 7,500,000
33 4 FY 2005=2006.....	\$ 8,575,000
33 5 FY 2006=2007.....	\$ 11,075,000
33 6 FY 2007=2008.....	\$ 13,075,000
33 7 FY 2008=2009.....	\$ 35,075,000
33 8 FY 2009=2010.....	\$ 37,575,000

33 9 2. Notwithstanding section 8.33, moneys that  
 33 10 remain unexpended at the end of a fiscal year shall  
 33 11 not revert to any fund but shall remain available for  
 33 12 expenditure for the designated purpose during the  
 33 13 succeeding fiscal year.

33 14 Sec. 81. ENDOW IOWA TAX CREDITS.

33 15 1. There is appropriated from the grow Iowa fund  
 33 16 created in section 15G.107, if enacted by 2003 Iowa  
 33 17 Acts, House File 692 or another Act, to the general  
 33 18 fund of the state, for the fiscal period beginning  
 33 19 July 1, 2003, and ending June 30, 2010, the following  
 33 20 amounts, or so much thereof as is necessary, to be  
 33 21 used for the purpose designated:  
 33 22 For payment of endow Iowa tax credits authorized  
 33 23 pursuant to section 15E.305:

33 24 FY 2003=2004.....	\$	200,000
33 25 FY 2004=2005.....	\$	200,000
33 26 FY 2005=2006.....	\$	200,000
33 27 FY 2006=2007.....	\$	200,000
33 28 FY 2007=2008.....	\$	200,000
33 29 FY 2008=2009.....	\$	200,000
33 30 FY 2009=2010.....	\$	200,000

33 31 2. Notwithstanding section 8.33, moneys that  
 33 32 remain unexpended at the end of a fiscal year shall  
 33 33 not revert to any fund but shall remain available for  
 33 34 expenditure for the designated purposes during the  
 33 35 succeeding fiscal year.

33 36 Sec. 82. ENDOW IOWA GRANTS APPROPRIATION.

33 37 1. There is appropriated from the grow Iowa fund  
 33 38 created in section 15G.107, if enacted by 2003 Iowa  
 33 39 Acts, House File 692 or another Act, to the department  
 33 40 of economic development for the fiscal period  
 33 41 beginning July 1, 2003, and ending June 30, 2010, the  
 33 42 following amounts, or so much thereof as is necessary,  
 33 43 to be used for the purpose designated:

33 44 For endow Iowa grants to lead philanthropic  
 33 45 entities pursuant to section 15E.304:

33 46 FY 2003=2004.....	\$	200,000
33 47 FY 2004=2005.....	\$	200,000
33 48 FY 2005=2006.....	\$	200,000
33 49 FY 2006=2007.....	\$	200,000
33 50 FY 2007=2008.....	\$	200,000
34 1 FY 2008=2009.....	\$	200,000
34 2 FY 2009=2010.....	\$	200,000

34 3 2. Notwithstanding section 8.33, moneys that  
 34 4 remain unexpended at the end of a fiscal year shall  
 34 5 not revert to any fund but shall remain available for  
 34 6 expenditure for the designated purposes during the  
 34 7 succeeding fiscal year.

34 8 Sec. 83. ANTICIPATED FEDERAL MONEYS ==  
 34 9 APPROPRIATION.

34 10 1. There is appropriated from the fund created by  
 34 11 section 8.41, for the fiscal period beginning July 1,  
 34 12 2003, and ending June 30, 2005, the following amounts  
 34 13 to be used for the purpose designated:

34 14 For deposit in the grow Iowa fund created in  
 34 15 section 15G.107, if enacted by 2003 Iowa Acts, House  
 34 16 File 692 or another Act:

34 17 FY 2003=2004.....	\$	59,000,000
34 18 FY 2004=2005.....	\$	41,000,000

34 19 2. Moneys appropriated in this section are moneys  
 34 20 anticipated to be received from the federal government  
 34 21 for state and local government fiscal relief under the  
 34 22 federal Jobs and Growth Tax Relief Reconciliation Act  
 34 23 of 2003 and shall be expended as provided in the  
 34 24 federal law making the moneys available and in  
 34 25 conformance with chapter 17A.

34 26 3. Notwithstanding section 8.33, moneys that  
 34 27 remain unexpended at the end of a fiscal year shall  
 34 28 not revert to any fund but shall remain available for  
 34 29 expenditure for the designated purposes during the  
 34 30 succeeding fiscal year.

34 31 Sec. 84. STREAMLINED SALES AND USE TAX REVENUE ==  
 34 32 APPROPRIATION.

34 33 1. There is appropriated from the general fund of  
 34 34 the state from moneys credited to the general fund of  
 34 35 the state as a result of entering into the streamlined  
 34 36 sales and use tax agreement, for the fiscal period  
 34 37 beginning July 1, 2003, and ending June 30, 2010, the  
 34 38 following amounts to be used for the purpose  
 34 39 designated:

34 40 For deposit in the grow Iowa fund created in  
 34 41 section 15G.107, if enacted by 2003 Iowa Acts, House  
 34 42 File 692 or another Act:

34 43 FY 2003=2004.....	\$	5,000,000
34 44 FY 2004=2005.....	\$	23,000,000
34 45 FY 2005=2006.....	\$	75,000,000

34 46 FY 2006=2007..... \$ 75,000,000  
34 47 FY 2007=2008..... \$ 75,000,000  
34 48 FY 2008=2009..... \$ 75,000,000  
34 49 FY 2009=2010..... \$ 75,000,000

34 50 2. For purposes of this section, "moneys credited  
35 1 to the general fund of the state as a result of  
35 2 entering into the streamlined sales and use tax  
35 3 agreement" means the amount of sales and use tax  
35 4 receipts credited to the general fund of the state  
35 5 during a fiscal year that exceeds by two percent or  
35 6 more the total sales and use tax receipts credited to  
35 7 the general fund of the state during the previous  
35 8 fiscal year.

35 9 3. If the moneys credited to the general fund of  
35 10 the state as a result of entering into the streamlined  
35 11 sales and use tax agreement during a fiscal year total  
35 12 less than the amount appropriated in this section, the  
35 13 appropriation in this section shall be reduced to  
35 14 equal the total amount of the moneys so credited.

35 15 4. Notwithstanding section 8.33, moneys that  
35 16 remain unexpended at the end of a fiscal year shall  
35 17 not revert to any fund but shall remain available for  
35 18 expenditure for the designated purposes during the  
35 19 succeeding fiscal year.

35 20 DIVISION VIII

35 21 WORKFORCE-RELATED ISSUES

35 22 Sec. 85. NEW SECTION. 260C.18A WORKFORCE  
35 23 TRAINING AND ECONOMIC DEVELOPMENT FUNDS.

35 24 1. a. A workforce training and economic  
35 25 development fund is created for each community  
35 26 college. Moneys shall be deposited and expended from  
35 27 a fund as provided under this section.

35 28 b. Moneys in the funds shall consist of any moneys  
35 29 appropriated by the general assembly and any other  
35 30 moneys available to and obtained or accepted by the  
35 31 department of economic development from federal  
35 32 sources or private sources for placement in the funds.  
35 33 Notwithstanding section 8.33, moneys in the funds at  
35 34 the end of each fiscal year shall not revert to any  
35 35 other fund but shall remain in the funds for  
35 36 expenditure in subsequent fiscal years.

35 37 2. On July 1 of each year for the fiscal year  
35 38 beginning July 1, 2003, and for every fiscal year  
35 39 thereafter, moneys from the grow Iowa fund created in  
35 40 section 15G.107, if enacted by 2003 Iowa Acts, House  
35 41 File 692 or another Act, are appropriated to the  
35 42 department of economic development for deposit in the  
35 43 workforce training and economic development funds in  
35 44 amounts determined pursuant to subsection 3. Moneys  
35 45 deposited in the funds and disbursed to community  
35 46 colleges for a fiscal year shall be expended for the  
35 47 following purposes:

35 48 a. Projects in which an agreement between a  
35 49 community college and an employer located within the  
35 50 community college's merged area meet all of the  
36 1 requirements of the accelerated career education  
36 2 program under chapter 260G. However, moneys used by  
36 3 the community colleges from the workforce training and  
36 4 economic development fund for these projects shall be  
36 5 in lieu of the program job credits provided under  
36 6 chapter 260G. Projects using moneys from the  
36 7 workforce training and economic development fund under  
36 8 this paragraph shall be in accordance with rules  
36 9 adopted by the department of economic development  
36 10 under chapter 260G.

36 11 b. Projects in which an agreement between a  
36 12 community college and a business meet all the  
36 13 requirements of the Iowa jobs training Act under  
36 14 chapter 260F. However, when moneys are provided  
36 15 through the grow Iowa fund for such projects, section  
36 16 260F.6, subsections 1 and 2, and section 260F.8 shall  
36 17 not apply. Projects using moneys from the workforce  
36 18 training and economic development fund under this  
36 19 paragraph shall be in accordance with rules adopted by  
36 20 the department of economic development under chapter  
36 21 260F.

36 22 c. For the development and implementation of  
36 23 career academies designed to provide new career  
36 24 preparation opportunities for high school students  
36 25 that are formally linked with postsecondary career and  
36 26 technical education programs. Moneys from workforce

36 27 training and economic development funds that are  
36 28 expended for purposes of this paragraph shall be in  
36 29 accordance with the plan submitted to the department  
36 30 of economic development and the grow Iowa board under  
36 31 subsection 5. For purposes of this section, "career  
36 32 academy" means a program of study that combines a  
36 33 minimum of two years of secondary education with an  
36 34 associate degree, or the equivalent, career  
36 35 preparatory program in a nonduplicative, sequential  
36 36 course of study that is standards based, integrates  
36 37 academic and technical instruction, utilizes work=  
36 38 based and worksite learning where appropriate and  
36 39 available, utilizes an individual career planning  
36 40 process with parent involvement, and leads to an  
36 41 associate degree or postsecondary diploma or  
36 42 certificate in a career field that prepares an  
36 43 individual for entry and advancement in a high=skill  
36 44 and reward career field and further education. The  
36 45 state board of education, in conjunction with the  
36 46 division of community colleges and workforce  
36 47 preparation of the department of education, and in  
36 48 consultation with the department of economic  
36 49 development, shall adopt administrative rules for the  
36 50 development and implementation of such career  
37 1 academies pursuant to section 256.11, subsection 5,  
37 2 paragraph "h", section 260C.1, and Title II of Pub. L.  
37 3 No. 105=332, Carl D. Perkins Vocational and Technical  
37 4 Education Act of 1998.  
37 5 d. Programs and courses that provide vocational  
37 6 and technical training, and programs for in=service  
37 7 training and retraining under section 260C.1,  
37 8 subsections 2 and 3.  
37 9 3. Moneys from the workforce training and economic  
37 10 development fund that are expended for purposes of  
37 11 this subsection shall be in accordance with the plan  
37 12 submitted to the department of economic development  
37 13 and the grow Iowa board under subsection 5. The  
37 14 maximum cumulative total amount of moneys that may be  
37 15 deposited in all the workforce training and economic  
37 16 development funds for distribution to community  
37 17 colleges in a fiscal year shall be determined as  
37 18 follows:  
37 19 a. Six million dollars for the fiscal year  
37 20 beginning July 1, 2003.  
37 21 b. Eleven million dollars for the fiscal year  
37 22 beginning July 1, 2004.  
37 23 c. Twenty million dollars for the fiscal year  
37 24 beginning July 1, 2005.  
37 25 d. Twenty million dollars for the fiscal year  
37 26 beginning July 1, 2006.  
37 27 e. Twenty million dollars for the fiscal year  
37 28 beginning July 1, 2007.  
37 29 f. Fifteen million dollars for the fiscal year  
37 30 beginning July 1, 2008.  
37 31 g. Fifteen million dollars for the fiscal year  
37 32 beginning July 1, 2009.  
37 33 4. The department of economic development shall  
37 34 allocate the moneys appropriated pursuant to this  
37 35 section to the community college workforce training  
37 36 and economic development funds utilizing the same  
37 37 distribution formula used for the allocation of state  
37 38 general aid to the community colleges.  
37 39 5. Each community college shall do all of the  
37 40 following:  
37 41 a. Adopt a two=year workforce training and  
37 42 economic development fund plan outlining the community  
37 43 college's proposed use of moneys appropriated under  
37 44 subsection 2.  
37 45 b. Update the two=year plan annually.  
37 46 c. Prepare an annual progress report on the two=  
37 47 year plan's implementation.  
37 48 d. Annually submit the two=year plan and progress  
37 49 report to the department of economic development in a  
37 50 manner prescribed by rules adopted by the department  
38 1 pursuant to chapter 17A and annually file a copy of  
38 2 the plan and progress report with the grow Iowa board.  
38 3 6. Any individual project using over one million  
38 4 dollars of moneys from a workforce training and  
38 5 economic development fund shall require prior approval  
38 6 from the grow Iowa board.  
38 7 Sec. 86. NEW SECTION. 260F.9 JOB RETENTION

38 8 PROGRAM AND FUND.

38 9 1. A job retention fund is created in the state  
38 10 treasury under the control of the department of  
38 11 economic development to encourage the retention of  
38 12 existing jobs and income that would otherwise be lost  
38 13 and encourage large businesses to remain in the state.  
38 14 Moneys shall be deposited and expended from the fund  
38 15 as provided in this section.

38 16 2. There is appropriated from the grow Iowa fund  
38 17 created in section 15G.107, if enacted by 2003 Iowa  
38 18 Acts, House File 692 or another Act, to the department  
38 19 of economic development for the fiscal period  
38 20 beginning July 1, 2003, and ending June 30, 2006, the  
38 21 following amounts to be used for funding of job  
38 22 retention programs and agreements authorized by the  
38 23 department and participating community colleges as  
38 24 provided in this section:

38 25 a. One million dollars for the fiscal year  
38 26 beginning July 1, 2003.

38 27 b. One million dollars for the fiscal year  
38 28 beginning July 1, 2004.

38 29 c. One million dollars for the fiscal year  
38 30 beginning July 1, 2005.

38 31 3. Notwithstanding section 8.33, moneys that  
38 32 remain unexpended at the end of a fiscal year shall  
38 33 not revert to any fund but shall remain available for  
38 34 expenditure for the designated purposes during the  
38 35 succeeding fiscal year.

38 36 4. The department of economic development shall  
38 37 administer the allocation of moneys in the job  
38 38 retention fund and shall administer the job retention  
38 39 program. The department shall adopt rules pursuant to  
38 40 chapter 17A necessary for the administration of this  
38 41 section. By January 15 of each year, the department  
38 42 shall submit a written report to the general assembly  
38 43 and the governor regarding the activities of the job  
38 44 retention program during the previous calendar year.

38 45 5. A community college and the department may  
38 46 enter into an agreement to establish a job retention  
38 47 project. A job retention project agreement shall  
38 48 include, but not be limited to, the following:

38 49 a. The date of the agreement.

38 50 b. The anticipated number of employees to be  
39 1 trained.

39 2 c. The estimated cost of training.

39 3 d. A statement regarding the number of employees  
39 4 employed by the participating business on the date of  
39 5 the agreement which must equal at least the lesser of  
39 6 one thousand employees or four percent or more of the  
39 7 county's resident labor force based on the most recent  
39 8 annual labor force statistics from the department of  
39 9 workforce development.

39 10 e. A commitment that the participating business  
39 11 shall invest at least fifteen million dollars to  
39 12 retool the workplace and upgrade the facilities of the  
39 13 participating business.

39 14 f. A commitment that the participating business  
39 15 shall not move the business operation out of this  
39 16 state or close the business operation for at least ten  
39 17 years following the date of the agreement.

39 18 g. Other criteria established by the department of  
39 19 economic development.

39 20 6. A job retention project agreement entered into  
39 21 pursuant to this section must be approved by the board  
39 22 of trustees of the applicable community college, the  
39 23 department of economic development, and the  
39 24 participating business.

39 25 Sec. 87. NEW SECTION. 260F.101 REPORTING.

39 26 A community college entering into an agreement  
39 27 pursuant to this chapter shall submit an annual  
39 28 written report by the end of each calendar year with  
39 29 the grow Iowa board created in section 15G.102, if  
39 30 enacted by 2003 Iowa Acts, House File 692 or another  
39 31 Act. The report shall provide information regarding  
39 32 how the agreement affects the achievement of the goals  
39 33 and performance measures provided in section 15G.106,  
39 34 if enacted by 2003 Iowa Acts, House File 692 or  
39 35 another Act.

39 36 Sec. 88. Section 260G.3, subsection 2, Code 2003,  
39 37 is amended to read as follows:

39 38 2. An agreement may include reasonable and



39 39 necessary provisions to implement the accelerated  
39 40 career education program. If an agreement that  
39 41 utilizes program job credits is entered into, the  
39 42 community college and the employer shall notify the  
39 43 department of revenue and finance as soon as possible.  
39 44 The community college shall also file a copy of the  
39 45 agreement with the department of economic development  
39 46 as required in section 260G.4B. The agreement shall  
39 47 provide for program costs, including deferred costs,  
39 48 which may be paid from any of the following sources:  
39 49 a. Program job credits which the employer receives  
39 50 based on the number of program job positions agreed to  
40 1 by the employer to be available under the agreement.  
40 2 b. Cash or in-kind contributions by the employer  
40 3 toward the program cost. At a minimum, the employer  
40 4 contribution shall be twenty percent of the program  
40 5 costs.  
40 6 c. Tuition, student fees, or special charges fixed  
40 7 by the board of directors to defray program costs.  
40 8 d. Guarantee by the employer of payments to be  
40 9 received under paragraphs "a" and "b".  
40 10 e. Moneys from a workforce training and economic  
40 11 development fund created in section 260C.18A, based on  
40 12 the number of program job positions agreed to by the  
40 13 employer to be available under the agreement, the  
40 14 amount of which shall be calculated in the same manner  
40 15 as the program job credits provided for in section  
40 16 260G.4A.

40 17 Sec. 89. NEW SECTION. 260G.101 REPORTING.  
40 18 A community college entering into an agreement  
40 19 pursuant to this chapter shall submit an annual  
40 20 written report by the end of each calendar year with  
40 21 the grow Iowa board created in section 15G.102, if  
40 22 enacted by 2003 Iowa Acts, House File 692 or another  
40 23 Act. The report shall provide information regarding  
40 24 how the agreement affects the achievement of the goals  
40 25 and performance measures provided in section 15G.106,  
40 26 if enacted by 2003 Iowa Acts, House File 692 or  
40 27 another Act.

#### 40 28 DIVISION IX

#### 40 29 LOAN AND CREDIT GUARANTEE FUND

40 30 Sec. 90. NEW SECTION. 15E.227 LOAN AND CREDIT  
40 31 GUARANTEE FUND.

40 32 1. A loan and credit guarantee fund is created and  
40 33 established as a separate and distinct fund in the  
40 34 state treasury. Moneys in the fund shall only be used  
40 35 for purposes provided in this section. The moneys in  
40 36 the fund are appropriated to the department to be used  
40 37 for all of the following purposes:

40 38 a. Payment of claims pursuant to loan and credit  
40 39 guarantee agreements entered into under this division.

40 40 b. Payment of administrative costs of the  
40 41 department for actual and necessary administrative  
40 42 expenses incurred by the department in administering  
40 43 the program.

40 44 c. Purchase or buyout of superior or prior liens,  
40 45 mortgages, or security interests.

40 46 2. Moneys in the loan and credit guarantee fund  
40 47 shall consist of all of the following:

40 48 a. Moneys appropriated by the general assembly for  
40 49 that purpose and any other moneys available to and  
40 50 obtained or accepted by the department for placement  
41 1 in the fund.

41 2 b. Proceeds from collateral assigned to the  
41 3 department, fees for guarantees, gifts, and moneys  
41 4 from any grant made to the fund by any federal agency.

41 5 c. Moneys appropriated from the grow Iowa fund  
41 6 created in section 15G.107, if enacted by 2003 Iowa  
41 7 Acts, House File 692 or another Act.

41 8 3. Moneys in the fund are not subject to section  
41 9 8.33. Notwithstanding section 12C.7, interest or  
41 10 earnings on the moneys in the fund shall be credited  
41 11 to the fund.

41 12 4. a. The department shall only pledge moneys in  
41 13 the loan and credit guarantee fund and not any other  
41 14 moneys of the department. The department may pledge  
41 15 an amount not to exceed a total of any of the  
41 16 following amounts of moneys in the fund to assure the  
41 17 repayment of loan and credit guarantees or other  
41 18 extensions of credit made to or on behalf of qualified  
41 19 businesses or targeted industry businesses for

41 20 eligible project costs.  
41 21 (1) Two million five hundred thousand dollars for  
41 22 the fiscal year beginning July 1, 2003.  
41 23 (2) Seven million five hundred thousand dollars  
41 24 for the fiscal year beginning July 1, 2004.  
41 25 (3) Eight million five hundred seventy-five  
41 26 thousand dollars for the fiscal year beginning July 1,  
41 27 2005.  
41 28 (4) Eleven million seventy-five thousand dollars  
41 29 for the fiscal year beginning July 1, 2006.  
41 30 (5) Thirteen million seventy-five thousand dollars  
41 31 for the fiscal year beginning July 1, 2007.  
41 32 (6) Thirty-five million seventy-five thousand  
41 33 dollars for the fiscal year beginning July 1, 2008.  
41 34 (7) Thirty-seven million five hundred seventy-five  
41 35 thousand dollars for the fiscal year beginning July 1,  
41 36 2009.  
41 37 b. The department shall not pledge the credit or  
41 38 taxing power of this state or any political  
41 39 subdivision of this state or make debts payable out of  
41 40 any moneys except for those in the loan and credit  
41 41 guarantee fund.

41 42 DIVISION X

41 43 UNIVERSITY-BASED RESEARCH UTILIZATION

41 44 PROGRAM APPROPRIATION

41 45 Sec. 91. NEW SECTION. 262B.12 APPROPRIATION.

41 46 On July 1 of each year there is appropriated from  
41 47 the general fund of the state to each university under  
41 48 the control of the state board of regents, an amount  
41 49 equal to the amount determined by the department of  
41 50 economic development pursuant to section 262B.11,  
42 1 subsection 4, paragraph "c", subparagraph (2), if  
42 2 enacted by 2003 Iowa Acts, House File 692 or another  
42 3 Act.

42 4 DIVISION XI

42 5 ENDOW IOWA TAX CREDIT

42 6 Sec. 92. NEW SECTION. 15E.305 ENDOW IOWA TAX  
42 7 CREDIT.

42 8 1. For tax years beginning on or after January 1,  
42 9 2003, a tax credit shall be allowed against the taxes  
42 10 imposed in chapter 422, divisions II, III, and V, and  
42 11 in chapter 432, and against the moneys and credits tax  
42 12 imposed in section 533.24 equal to twenty percent of a  
42 13 taxpayer's endowment gift to a qualified community  
42 14 foundation. An individual may claim a tax credit  
42 15 under this section of a partnership, limited liability  
42 16 company, S corporation, estate, or trust electing to  
42 17 have income taxed directly to the individual. The  
42 18 amount claimed by the individual shall be based upon  
42 19 the pro rata share of the individual's earnings from  
42 20 the partnership, limited liability company, S  
42 21 corporation, estate, or trust. A tax credit shall be  
42 22 allowed only for an endowment gift made to a qualified  
42 23 community foundation for a permanent endowment fund  
42 24 established to benefit a charitable cause in this  
42 25 state. Any tax credit in excess of the taxpayer's tax  
42 26 liability for the tax year may be credited to the tax  
42 27 liability for the following five years or until  
42 28 depleted, whichever occurs first. A tax credit shall  
42 29 not be carried back to a tax year prior to the tax  
42 30 year in which the taxpayer claims the tax credit.

42 31 2. The aggregate amount of tax credits authorized  
42 32 pursuant to this section shall not exceed a total of  
42 33 two million dollars. The maximum amount of tax  
42 34 credits granted to a taxpayer shall not exceed five  
42 35 percent of the aggregate amount of tax credits  
42 36 authorized.

42 37 3. A tax credit shall not be transferable to any  
42 38 other taxpayer.

42 39 4. A tax credit shall not be authorized pursuant  
42 40 to this section after December 31, 2005.

42 41 5. The department shall develop a system for  
42 42 registration and authorization of tax credits under  
42 43 this section and shall control the distribution of all  
42 44 tax credits to taxpayers providing an endowment gift  
42 45 subject to this section. The department shall adopt  
42 46 administrative rules pursuant to chapter 17A for the  
42 47 qualification and administration of endowment gifts.

42 48 Sec. 93. NEW SECTION. 422.11H ENDOW IOWA TAX  
42 49 CREDIT.

42 50 The tax imposed under this division, less the

43 1 credits allowed under sections 422.12 and 422.12B,  
43 2 shall be reduced by an endow Iowa tax credit  
43 3 authorized pursuant to section 15E.305.  
43 4 Sec. 94. Section 422.33, Code 2003, is amended by  
43 5 adding the following new subsection:  
43 6 NEW SUBSECTION. 14. The taxes imposed under this  
43 7 division shall be reduced by an endow Iowa tax credit  
43 8 authorized pursuant to section 15E.305.  
43 9 Sec. 95. Section 422.60, Code 2003, is amended by  
43 10 adding the following new subsection:  
43 11 NEW SUBSECTION. 7. The taxes imposed under this  
43 12 division shall be reduced by an endow Iowa tax credit  
43 13 authorized pursuant to section 15E.305.  
43 14 Sec. 96. NEW SECTION. 432.12D ENDOW IOWA TAX  
43 15 CREDIT.  
43 16 The tax imposed under this chapter shall be reduced  
43 17 by an endow Iowa tax credit authorized pursuant to  
43 18 section 15E.305.  
43 19 Sec. 97. Section 533.24, Code 2003, is amended by  
43 20 adding the following new unnumbered paragraph:  
43 21 NEW UNNUMBERED PARAGRAPH. The moneys and credits  
43 22 tax imposed under this section shall be reduced by an  
43 23 endow Iowa tax credit authorized pursuant to section  
43 24 15E.305.  
43 25 Sec. 98. EFFECTIVE AND RETROACTIVE APPLICABILITY  
43 26 DATES. This division of this Act, being deemed of  
43 27 immediate importance, takes effect upon enactment and  
43 28 is retroactively applicable to January 1, 2003, for  
43 29 tax years beginning on or after that date.  
43 30 DIVISION XII  
43 31 REHABILITATION PROJECT TAX CREDITS  
43 32 Sec. 99. Section 404A.4, subsection 4, Code 2003,  
43 33 is amended to read as follows:  
43 34 4. The total amount of tax credits that may be  
43 35 approved for a fiscal year under this chapter shall  
43 36 not exceed two million four hundred thousand dollars.  
43 37 For the fiscal years beginning July 1, 2003, and July  
43 38 1, 2004, an additional two million dollars of tax  
43 39 credits may be approved each fiscal year for purposes  
43 40 of projects located in cultural and entertainment  
43 41 districts certified pursuant to section 303.3B, if  
43 42 enacted by 2003 Iowa Acts, House File 692 or another  
43 43 Act. Any of the additional tax credits allocated for  
43 44 projects located in certified cultural and  
43 45 entertainment districts that are not approved during a  
43 46 fiscal year may be carried over to the succeeding  
43 47 fiscal year. Tax credit certificates shall be issued  
43 48 on the basis of the earliest awarding of  
43 49 certifications of completion as provided in subsection  
43 50 1. The departments of economic development and  
44 1 revenue and finance shall each adopt rules to jointly  
44 2 administer this subsection and shall provide by rule  
44 3 for the method to be used to determine for which  
44 4 fiscal year the tax credits are approved.  
44 5 DIVISION XIII  
44 6 STATE ASSISTANCE FOR EDUCATIONAL INFRASTRUCTURE FUND  
44 7 Sec. 100. Section 8.57, subsection 5, Code 2003,  
44 8 is amended by adding the following new paragraph:  
44 9 NEW PARAGRAPH. f. There is appropriated from the  
44 10 rebuild Iowa infrastructure fund to the state  
44 11 assistance for educational infrastructure fund created  
44 12 in 2003 Iowa Acts, House File 692 or another Act, for  
44 13 each fiscal year of the fiscal period beginning July  
44 14 1, 2004, and ending June 30, 2014, the amount of the  
44 15 moneys in excess of the first forty-seven million  
44 16 dollars credited to the rebuild Iowa infrastructure  
44 17 fund during the fiscal year, not to exceed ten million  
44 18 dollars.  
44 19 Sec. 101. NEW SECTION. 292A.3A APPROPRIATION.  
44 20 There is appropriated from the general fund of the  
44 21 state from moneys credited to the general fund of the  
44 22 state as a result of the state entering into the  
44 23 streamlined sales and use tax agreement to the state  
44 24 assistance for educational infrastructure fund created  
44 25 in 2003 Iowa Acts, House File 692 or another Act, the  
44 26 sum of five million dollars for each fiscal year of  
44 27 the fiscal period beginning July 1, 2004, and ending  
44 28 June 30, 2014. The appropriation in this section  
44 29 shall be made after the appropriation from the same  
44 30 source to the grow Iowa fund created in 2003 Iowa  
44 31 Acts, House File 692 or another Act. For purposes of

44 32 this section, "moneys credited to the general fund of  
44 33 the state as a result of entering into the streamlined  
44 34 sales and use tax agreement" means the amount of sales  
44 35 and use tax receipts credited to the general fund of  
44 36 the state during a fiscal year that exceeds by two  
44 37 percent or more the total sales and use tax receipts  
44 38 credited to the general fund of the state during the  
44 39 previous fiscal year.

#### 44 40 DIVISION XIV

##### 44 41 REPEALS

44 42 Sec. 102. The divisions of this Act designated  
44 43 economic development appropriations, workforce-related  
44 44 issues, loan and credit guarantee fund, university=  
44 45 based research utilization program appropriation,  
44 46 endow Iowa tax credit, and rehabilitation project tax  
44 47 credits are repealed effective June 30, 2010.

#### 44 48 DIVISION XV

##### 44 49 STREAMLINED SALES AND USE TAXES

##### 44 50 SUBCHAPTER I

##### 45 1 DEFINITIONS

45 2 Sec. 103. NEW SECTION. 423.1 DEFINITIONS.

45 3 As used in this chapter the following words, terms,  
45 4 and phrases have the meanings ascribed to them by this  
45 5 section, except where the context clearly indicates  
45 6 that a different meaning is intended:

45 7 1. "Agent" means a person appointed by a seller to  
45 8 represent the seller before the member states.

45 9 2. "Agreement" means the streamlined sales and use  
45 10 tax agreement authorized by subchapter IV of this  
45 11 chapter to provide a mechanism for establishing and  
45 12 maintaining a cooperative, simplified system for the  
45 13 application and administration of sales and use taxes.

45 14 3. "Agricultural production" includes the  
45 15 production of flowering, ornamental, or vegetable  
45 16 plants in commercial greenhouses or otherwise, and  
45 17 production from aquaculture. "Agricultural products"  
45 18 includes flowering, ornamental, or vegetable plants  
45 19 and those products of aquaculture.

45 20 4. "Business" includes any activity engaged in by  
45 21 any person or caused to be engaged in by the person  
45 22 with the object of gain, benefit, or advantage, either  
45 23 direct or indirect.

45 24 5. "Certificate of title" means a certificate of  
45 25 title issued for a vehicle or for manufactured housing  
45 26 under chapter 321.

45 27 6. "Certified automated system" means software  
45 28 certified under the agreement to calculate the tax  
45 29 imposed by each jurisdiction on a transaction,  
45 30 determine the amount of tax to remit to the  
45 31 appropriate state, and maintain a record of the  
45 32 transaction.

45 33 7. "Certified service provider" means an agent  
45 34 certified under the agreement to perform all of a  
45 35 seller's sales or use tax functions, other than the  
45 36 seller's obligation to remit tax on its own purchases.

45 37 8. "Computer" means an electronic device that  
45 38 accepts information in digital or similar form and  
45 39 manipulates the information for a result based on a  
45 40 sequence of instructions.

45 41 9. "Computer software" means a set of coded  
45 42 instructions designed to cause a computer or automatic  
45 43 data processing equipment to perform a task.

45 44 10. "Delivered electronically" means delivered to  
45 45 the purchaser by means other than tangible storage  
45 46 media.

45 47 11. "Delivery charges" means charges assessed by a  
45 48 seller of personal property or services for  
45 49 preparation and delivery to a location designated by  
45 50 the purchaser of personal property or services  
46 1 including, but not limited to, transportation,  
46 2 shipping, postage, handling, crating, and packing  
46 3 charges.

46 4 12. "Department" means the department of revenue  
46 5 and finance.

46 6 13. "Direct mail" means printed material delivered  
46 7 or distributed by United States mail or other delivery  
46 8 service to a mass audience or to addressees on a  
46 9 mailing list provided by the purchaser or at the  
46 10 direction of the purchaser when the cost of the items  
46 11 is not billed directly to the recipients. "Direct  
46 12 mail" includes tangible personal property supplied

46 13 directly or indirectly by the purchaser to the direct  
46 14 mail seller for inclusion in the package containing  
46 15 the printed material. "Direct mail" does not include  
46 16 multiple items of printed material delivered to a  
46 17 single address.

46 18 14. "Director" means the director of revenue and  
46 19 finance.

46 20 15. "Electronic" means relating to technology  
46 21 having electrical, digital, magnetic, wireless,  
46 22 optical, electromagnetic, or similar capabilities.

46 23 16. "Farm deer" means the same as defined in  
46 24 section 189A.2.

46 25 17. "Farm machinery and equipment" means machinery  
46 26 and equipment used in agricultural production.

46 27 18. "First use of a service". A "first use of a  
46 28 service" occurs, for the purposes of this chapter,  
46 29 when a service is rendered, furnished, or performed in  
46 30 Iowa or if rendered, furnished, or performed outside  
46 31 of Iowa, when the product or result of the service is  
46 32 used in Iowa.

46 33 19. "Goods, wares, or merchandise" means the same  
46 34 as tangible personal property.

46 35 20. "Governing board" means the group comprised of  
46 36 representatives of the member states of the agreement  
46 37 which is created by the agreement to be responsible  
46 38 for the agreement's administration and operation.

46 39 21. "Installed purchase price" is the amount  
46 40 charged, valued in money whether paid in money or  
46 41 otherwise, by a building contractor to convert  
46 42 manufactured housing from tangible personal property  
46 43 into realty. "Installed purchase price" includes, but  
46 44 is not limited to, amounts charged for installing a  
46 45 foundation and electrical and plumbing hookups.  
46 46 "Installed purchase price" excludes any amount charged  
46 47 for landscaping in connection with the conversion.

46 48 22. "Lease or rental".

46 49 a. "Lease or rental" means any transfer of  
46 50 possession or control of tangible personal property  
47 1 for a fixed or indeterminate term for consideration.  
47 2 A "lease or rental" may include future options to  
47 3 purchase or extend.

47 4 b. "Lease or rental" includes agreements covering  
47 5 motor vehicles and trailers when the amount of  
47 6 consideration may be increased or decreased by  
47 7 reference to the amount realized upon sale or  
47 8 disposition of the property as defined in 26 U.S.C. }  
47 9 7701(h)(1).

47 10 c. "Lease or rental" does not include any of the  
47 11 following:

47 12 (1) A transfer of possession or control of  
47 13 property under a security agreement or deferred  
47 14 payment plan that requires the transfer of title upon  
47 15 completion of the required payments.

47 16 (2) A transfer of possession or control of  
47 17 property under an agreement that requires the transfer  
47 18 of title upon completion of required payments, and  
47 19 payment of any option price does not exceed the  
47 20 greater of one hundred dollars or one percent of the  
47 21 total required payments.

47 22 (3) Providing tangible personal property along  
47 23 with an operator for a fixed or indeterminate period  
47 24 of time. A condition of this exclusion is that the  
47 25 operator is necessary for the equipment to perform as  
47 26 designed. For the purpose of this subparagraph, an  
47 27 operator must do more than maintain, inspect, or set  
47 28 up the tangible personal property.

47 29 d. This definition shall be used for sales and use  
47 30 tax purposes regardless of whether a transaction is  
47 31 characterized as a lease or rental under generally  
47 32 accepted accounting principles, the Internal Revenue  
47 33 Code, the Uniform Commercial Code, or other provisions  
47 34 of federal, state, or local law.

47 35 23. "Livestock" includes but is not limited to an  
47 36 animal classified as an ostrich, rhea, emu, bison, or  
47 37 farm deer.

47 38 24. "Manufactured housing" means "manufactured  
47 39 home" as defined in section 321.1.

47 40 25. "Member state" is any state which has signed  
47 41 the agreement.

47 42 26. "Mobile home" means "manufactured or mobile  
47 43 home" as defined in section 321.1.

47 44 27. "Model 1 seller" is a seller that has selected  
47 45 a certified service provider as its agent to perform  
47 46 all the seller's sales and use tax functions, other  
47 47 than the seller's obligation to remit tax on its own  
47 48 purchases.

47 49 28. "Model 2 seller" is a seller that has selected  
47 50 a certified automated system to perform part of its  
48 1 sales and use tax functions, but retains  
48 2 responsibility for remitting the tax.

48 3 29. "Model 3 seller" is a seller that has sales in  
48 4 at least five member states, has total annual sales  
48 5 revenue of at least five hundred million dollars, has  
48 6 a proprietary system that calculates the amount of tax  
48 7 due each jurisdiction, and has entered into a  
48 8 performance agreement with the member states that  
48 9 establishes a tax performance standard for the seller.  
48 10 As used in this definition, a "seller" includes an  
48 11 affiliated group of sellers using the same proprietary  
48 12 system.

48 13 30. "Nonresidential commercial operations" means  
48 14 industrial, commercial, mining, or agricultural  
48 15 operations, whether for profit or not, but does not  
48 16 include apartment complexes or mobile home parks.

48 17 31. "Not registered under the agreement" means  
48 18 lack of registration by a seller with the member  
48 19 states under the central registration system  
48 20 referenced in section 423.11, subsection 4.

48 21 32. "Person" means an individual, trust, estate,  
48 22 fiduciary, partnership, limited liability company,  
48 23 limited liability partnership, corporation, or any  
48 24 other legal entity.

48 25 33. "Place of business" means any warehouse,  
48 26 store, place, office, building, or structure where  
48 27 goods, wares, or merchandise are offered for sale at  
48 28 retail or where any taxable amusement is conducted, or  
48 29 each office where gas, water, heat, communication, or  
48 30 electric services are offered for sale at retail.

48 31 When a retailer or amusement operator sells  
48 32 merchandise by means of vending machines or operates  
48 33 music or amusement devices by coin-operated machines  
48 34 at more than one location within the state, the  
48 35 office, building, or place where the books, papers,  
48 36 and records of the taxpayer are kept shall be deemed  
48 37 to be the taxpayer's place of business.

48 38 34. "Prewritten computer software" includes  
48 39 software designed and developed by the author or other  
48 40 creator to the specifications of a specific purchaser  
48 41 when it is sold to a person other than the purchaser.  
48 42 The combining of two or more prewritten computer  
48 43 software programs or prewritten portions of prewritten  
48 44 programs does not cause the combination to be other  
48 45 than prewritten computer software. "Prewritten  
48 46 computer software" also means computer software,  
48 47 including prewritten upgrades, which is not designed  
48 48 and developed by the author or other creator to the  
48 49 specifications of a specific purchaser.

48 50 When a person modifies or enhances computer  
49 1 software of which the person is not the author or  
49 2 creator, the person shall be deemed to be the author  
49 3 or creator only of such person's modifications or  
49 4 enhancements. Prewritten computer software or a  
49 5 prewritten portion of the prewritten software that is  
49 6 modified or enhanced to any degree, when such  
49 7 modification or enhancement is designed and developed  
49 8 to the specifications of a specific purchaser, remains  
49 9 prewritten computer software. However, when there is  
49 10 a reasonable, separately stated charge or an invoice  
49 11 or other statement of the price given to the purchaser  
49 12 for such modification or enhancement, such  
49 13 modification or enhancement shall not constitute  
49 14 prewritten computer software.

49 15 35. "Property purchased for resale in connection  
49 16 with the performance of a service" means property  
49 17 which is purchased for resale in connection with the  
49 18 rendition, furnishing, or performance of a service by  
49 19 a person who renders, furnishes, or performs the  
49 20 service if all of the following occur:

49 21 a. The provider and user of the service intend  
49 22 that a sale of the property will occur.

49 23 b. The property is transferred to the user of the  
49 24 service in connection with the performance of the

49 25 service in a form or quantity capable of a fixed or  
49 26 definite price value.

49 27 c. The sale is evidenced by a separate charge for  
49 28 the identifiable piece of property.

49 29 36. "Purchase" means any transfer, exchange, or  
49 30 barter, conditional or otherwise, in any manner or by  
49 31 any means whatsoever, for a consideration.

49 32 37. "Purchase price" means the same as "sales  
49 33 price" as defined in this section.

49 34 38. "Purchaser" is a person to whom a sale of  
49 35 personal property is made or to whom a service is  
49 36 furnished.

49 37 39. "Receive" and "receipt" mean any of the  
49 38 following:

49 39 a. Taking possession of tangible personal  
49 40 property.

49 41 b. Making first use of a service.

49 42 c. Taking possession or making first use of  
49 43 digital goods, whichever comes first.

49 44 "Receive" and "receipt" do not include possession  
49 45 by a shipping company on behalf of a purchaser.

49 46 40. "Registered under the agreement" means  
49 47 registration by a seller under the central  
49 48 registration system referenced in section 423.11,  
49 49 subsection 4.

49 50 41. "Relief agency" means the state, any county,  
50 1 city and county, city, or district thereof, or any  
50 2 agency engaged in actual relief work.

50 3 42. "Retailer" means and includes every person  
50 4 engaged in the business of selling tangible personal  
50 5 property or taxable services at retail, or the  
50 6 furnishing of gas, electricity, water, or  
50 7 communication service, and tickets or admissions to  
50 8 places of amusement and athletic events or operating  
50 9 amusement devices or other forms of commercial  
50 10 amusement from which revenues are derived. However,  
50 11 when in the opinion of the director it is necessary  
50 12 for the efficient administration of this chapter to  
50 13 regard any salespersons, representatives, truckers,  
50 14 peddlers, or canvassers as agents of the dealers,  
50 15 distributors, supervisors, employers, or persons under  
50 16 whom they operate or from whom they obtain tangible  
50 17 personal property sold by them irrespective of whether  
50 18 or not they are making sales on their own behalf or on  
50 19 behalf of such dealers, distributors, supervisors,  
50 20 employers, or persons, the director may so regard  
50 21 them, and may regard such dealers, distributors,  
50 22 supervisors, employers, or persons as retailers for  
50 23 the purposes of this chapter. "Retailer" includes a  
50 24 seller obligated to collect sales or use tax.

50 25 43. "Retailer maintaining a place of business in  
50 26 this state" or any like term includes any retailer  
50 27 having or maintaining within this state, directly or  
50 28 by a subsidiary, an office, distribution house, sales  
50 29 house, warehouse, or other place of business, or any  
50 30 representative operating within this state under the  
50 31 authority of the retailer or its subsidiary,  
50 32 irrespective of whether that place of business or  
50 33 representative is located here permanently or  
50 34 temporarily, or whether the retailer or subsidiary is  
50 35 admitted to do business within this state pursuant to  
50 36 chapter 490.

50 37 44. "Retailers who are not model sellers" means  
50 38 all retailers other than model 1, model 2, or model 3  
50 39 sellers.

50 40 45. "Retail sale" or "sale at retail" means any  
50 41 sale, lease, or rental for any purpose other than  
50 42 resale, sublease, or subrent.

50 43 46. "Sales" or "sale" means any transfer,  
50 44 exchange, or barter, conditional or otherwise, in any  
50 45 manner or by any means whatsoever, for consideration.

50 46 47. "Sales price" applies to the measure subject  
50 47 to sales tax.

50 48 a. "Sales price" means the total amount of  
50 49 consideration, including cash, credit, property, and  
50 50 services, for which personal property or services are  
51 1 sold, leased, or rented, valued in money, whether  
51 2 received in money or otherwise, without any deduction  
51 3 for any of the following:

51 4 (1) The seller's cost of the property sold.

51 5 (2) The cost of materials used, labor or service

51 6 cost, interest, losses, all costs of transportation to  
51 7 the seller, all taxes imposed on the seller, and any  
51 8 other expenses of the seller.

51 9 (3) Charges by the seller for any services  
51 10 necessary to complete the sale, other than delivery  
51 11 and installation charges.

51 12 (4) Delivery charges.

51 13 (5) Installation charges.

51 14 (6) The value of exempt personal property given to  
51 15 the purchaser where taxable and exempt personal  
51 16 property have been bundled together and sold by the  
51 17 seller as a single product or piece of merchandise.

51 18 (7) Credit for any trade-in authorized by section  
51 19 423.3, subsection 58.

51 20 b. "Sales price" does not include:

51 21 (1) Discounts, including cash, term, or coupons  
51 22 that are not reimbursed by a third party that are  
51 23 allowed by a seller and taken by a purchaser on a  
51 24 sale.

51 25 (2) Interest, financing, and carrying charges from  
51 26 credit extended on the sale of personal property or  
51 27 services, if the amount is separately stated on the  
51 28 invoice, bill of sale, or similar document given to  
51 29 the purchaser.

51 30 (3) Any taxes legally imposed directly on the  
51 31 consumer that are separately stated on the invoice,  
51 32 bill of sale, or similar document given to the  
51 33 purchaser.

51 34 (4) The amounts received for charges included in  
51 35 paragraph "a", subparagraphs (3) through (7), if they  
51 36 are separately contracted for and separately stated on  
51 37 the invoice, billing, or similar document given to the  
51 38 purchaser.

51 39 48. "Sales tax" means the tax levied under  
51 40 subchapter II of this chapter.

51 41 49. "Seller" means any person making sales,  
51 42 leases, or rentals of personal property or services.

51 43 50. "Services" means all acts or services  
51 44 rendered, furnished, or performed, other than services  
51 45 used in processing of tangible personal property for  
51 46 use in retail sales or services, for an employer, as  
51 47 defined in section 422.4, subsection 3, for a valuable  
51 48 consideration by any person engaged in any business or  
51 49 occupation specifically enumerated in section 423.2.

51 50 The tax shall be due and collectible when the service  
52 1 is rendered, furnished, or performed for the ultimate  
52 2 user of the service.

52 3 51. "Services used in the processing of tangible  
52 4 personal property" includes the reconditioning or  
52 5 repairing of tangible personal property of the type  
52 6 normally sold in the regular course of the retailer's  
52 7 business and which is held for sale.

52 8 52. "State" means any state of the United States  
52 9 and the District of Columbia.

52 10 53. "System" means the central electronic  
52 11 registration system maintained by Iowa and other  
52 12 states which are signatories to the agreement.

52 13 54. "Tangible personal property" means personal  
52 14 property that can be seen, weighed, measured, felt, or  
52 15 touched, or that is in any other manner perceptible to  
52 16 the senses. "Tangible personal property" includes  
52 17 electricity, water, gas, steam, and prewritten  
52 18 computer software.

52 19 55. "Taxpayer" includes any person who is subject  
52 20 to a tax imposed by this chapter, whether acting on  
52 21 the person's own behalf or as a fiduciary.

52 22 56. "Trailer" shall mean every trailer, as is now  
52 23 or may be hereafter so defined by chapter 321, which  
52 24 is required to be registered or is subject only to the  
52 25 issuance of a certificate of title under chapter 321.

52 26 57. "Use" means and includes the exercise by any  
52 27 person of any right or power over tangible personal  
52 28 property incident to the ownership of that property.  
52 29 A retailer's or building contractor's sale of  
52 30 manufactured housing for use in this state, whether in  
52 31 the form of tangible personal property or of realty,  
52 32 is a use of that property for the purposes of this  
52 33 chapter.

52 34 58. "Use tax" means the tax levied under  
52 35 subchapter III of this chapter for which the retailer  
52 36 collects and remits tax to the department.



52 37 59. "User" means the immediate recipient of the  
52 38 services who is entitled to exercise a right of power  
52 39 over the product of such services.  
52 40 60. "Value of services" means the price to the  
52 41 user exclusive of any direct tax imposed by the  
52 42 federal government or by this chapter.  
52 43 61. "Vehicles subject to registration" means any  
52 44 vehicle subject to registration pursuant to section  
52 45 321.18.

## SUBCHAPTER II

### SALES TAX

52 48 Sec. 104. NEW SECTION. 423.2 TAX IMPOSED.

52 49 1. There is imposed a tax of five percent upon the  
52 50 sales price of all sales of tangible personal  
53 1 property, consisting of goods, wares, or merchandise,  
53 2 sold at retail in the state to consumers or users  
53 3 except as otherwise provided in this subchapter.

53 4 a. For the purposes of this subchapter, sales of  
53 5 the following services are treated as if they were  
53 6 sales of tangible personal property:

53 7 (1) Sales of engraving, photography, retouching,  
53 8 printing, and binding services.

53 9 (2) Sales of vulcanizing, recapping, and  
53 10 retreading services.

53 11 (3) Sales of prepaid telephone calling cards and  
53 12 prepaid authorization numbers.

53 13 (4) Sales of optional service or warranty  
53 14 contracts, except residential service contracts  
53 15 regulated under chapter 523C, which provide for the  
53 16 furnishing of labor and materials and require the  
53 17 furnishing of any taxable service enumerated under  
53 18 this section. The sales price is subject to tax even  
53 19 if some of the services furnished are not enumerated  
53 20 under this section. Additional sales, services, or  
53 21 use taxes shall not be levied on services, parts, or  
53 22 labor provided under optional service or warranty  
53 23 contracts which are subject to tax under this  
53 24 subsection.

53 25 If the optional service or warranty contract is a  
53 26 computer software maintenance or support service  
53 27 contract and there is no separately stated fee for the  
53 28 taxable personal property or for the nontaxable  
53 29 service, the tax imposed by this subsection shall be  
53 30 imposed on fifty percent of the sales price from the  
53 31 sale of such contract. If the contract provides for  
53 32 technical support services only, no tax shall be  
53 33 imposed under this subsection. The provisions of this  
53 34 subparagraph (4) also apply to the use tax.

53 35 (5) Renting of rooms, apartments, or sleeping  
53 36 quarters in a hotel, motel, inn, public lodging house,  
53 37 rooming house, mobile home which is tangible personal  
53 38 property, or tourist court, or in any place where  
53 39 sleeping accommodations are furnished to transient  
53 40 guests for rent, whether with or without meals.  
53 41 "Renting" and "rent" include any kind of direct or  
53 42 indirect charge for such rooms, apartments, or  
53 43 sleeping quarters, or their use. However, the tax  
53 44 does not apply to the sales price from the renting of  
53 45 a room, apartment, or sleeping quarters while rented  
53 46 by the same person for a period of more than thirty=  
53 47 one consecutive days.

53 48 b. Sales of building materials, supplies, and  
53 49 equipment to owners, contractors, subcontractors, or  
53 50 builders for the erection of buildings or the  
54 1 alteration, repair, or improvement of real property  
54 2 are retail sales of tangible personal property in  
54 3 whatever quantity sold. Where the owner, contractor,  
54 4 subcontractor, or builder is also a retailer holding a  
54 5 retail sales tax permit and transacting retail sales  
54 6 of building materials, supplies, and equipment, the  
54 7 person shall purchase such items of tangible personal  
54 8 property without liability for the tax if such  
54 9 property will be subject to the tax at the time of  
54 10 resale or at the time it is withdrawn from inventory  
54 11 for construction purposes. The sales tax shall be due  
54 12 in the reporting period when the materials, supplies,  
54 13 and equipment are withdrawn from inventory for  
54 14 construction purposes or when sold at retail. The tax  
54 15 shall not be due when materials are withdrawn from  
54 16 inventory for use in construction outside of Iowa and  
54 17 the tax shall not apply to tangible personal property

54 18 purchased and consumed by the manufacturer as building  
54 19 materials in the performance by the manufacturer or  
54 20 its subcontractor of construction outside of Iowa.  
54 21 The sale of carpeting is not a sale of building  
54 22 materials. The sale of carpeting to owners,  
54 23 contractors, subcontractors, or builders shall be  
54 24 treated as the sale of ordinary tangible personal  
54 25 property and subject to the tax imposed under this  
54 26 subsection and the use tax.

54 27 c. The use within this state of tangible personal  
54 28 property by the manufacturer thereof, as building  
54 29 materials, supplies, or equipment, in the performance  
54 30 of construction contracts in Iowa, shall, for the  
54 31 purpose of this subchapter, be construed as a sale at  
54 32 retail of tangible personal property by the  
54 33 manufacturer who shall be deemed to be the consumer of  
54 34 such tangible personal property. The tax shall be  
54 35 computed upon the cost to the manufacturer of the  
54 36 fabrication or production of the tangible personal  
54 37 property.

54 38 2. A tax of five percent is imposed upon the sales  
54 39 price of the sale or furnishing of gas, electricity,  
54 40 water, heat, pay television service, and communication  
54 41 service, including the sales price from such sales by  
54 42 any municipal corporation or joint water utility  
54 43 furnishing gas, electricity, water, heat, pay  
54 44 television service, and communication service to the  
54 45 public in its proprietary capacity, except as  
54 46 otherwise provided in this subchapter, when sold at  
54 47 retail in the state to consumers or users.

54 48 3. A tax of five percent is imposed upon the sales  
54 49 price of all sales of tickets or admissions to places  
54 50 of amusement, fairs, and athletic events except those  
55 1 of elementary and secondary educational institutions.  
55 2 A tax of five percent is imposed on the sales price of  
55 3 an entry fee or like charge imposed solely for the  
55 4 privilege of participating in an activity at a place  
55 5 of amusement, fair, or athletic event unless the sales  
55 6 price of tickets or admissions charges for observing  
55 7 the same activity are taxable under this subchapter.  
55 8 A tax of five percent is imposed upon that part of  
55 9 private club membership fees or charges paid for the  
55 10 privilege of participating in any athletic sports  
55 11 provided club members.

55 12 4. A tax of five percent is imposed upon the sales  
55 13 price derived from the operation of all forms of  
55 14 amusement devices and games of skill, games of chance,  
55 15 raffles, and bingo games as defined in chapter 99B,  
55 16 operated or conducted within the state, the tax to be  
55 17 collected from the operator in the same manner as for  
55 18 the collection of taxes upon the sales price of  
55 19 tickets or admission as provided in this section.  
55 20 Nothing in this subsection shall legalize any games of  
55 21 skill or chance or slot-operated devices which are now  
55 22 prohibited by law.

55 23 The tax imposed under this subsection covers the  
55 24 total amount from the operation of games of skill,  
55 25 games of chance, raffles, and bingo games as defined  
55 26 in chapter 99B, and musical devices, weighing  
55 27 machines, shooting galleries, billiard and pool  
55 28 tables, bowling alleys, pinball machines, slot=  
55 29 operated devices selling merchandise not subject to  
55 30 the general sales taxes and on the total amount from  
55 31 devices or systems where prizes are in any manner  
55 32 awarded to patrons and upon the receipts from fees  
55 33 charged for participation in any game or other form of  
55 34 amusement, and generally upon the sales price from any  
55 35 source of amusement operated for profit, not specified  
55 36 in this section, and upon the sales price from which  
55 37 tax is not collected for tickets or admission, but tax  
55 38 shall not be imposed upon any activity exempt from  
55 39 sales tax under section 423.3, subsection 78. Every  
55 40 person receiving any sales price from the sources  
55 41 described in this section is subject to all provisions  
55 42 of this subchapter relating to retail sales tax and  
55 43 other provisions of this chapter as applicable.

55 44 5. There is imposed a tax of five percent upon the  
55 45 sales price from the furnishing of services as defined  
55 46 in section 423.1.

55 47 6. The sales price of any of the following  
55 48 enumerated services is subject to the tax imposed by

55 49 subsection 5: alteration and garment repair; armored  
55 50 car; vehicle repair; battery, tire, and allied;  
56 1 investment counseling; service charges of all  
56 2 financial institutions; barber and beauty; boat  
56 3 repair; vehicle wash and wax; campgrounds; carpentry;  
56 4 roof, shingle, and glass repair; dance schools and  
56 5 dance studios; dating services; dry cleaning,  
56 6 pressing, dyeing, and laundering; electrical and  
56 7 electronic repair and installation; excavating and  
56 8 grading; farm implement repair of all kinds; flying  
56 9 service; furniture, rug, carpet, and upholstery repair  
56 10 and cleaning; fur storage and repair; golf and country  
56 11 clubs and all commercial recreation; gun and camera  
56 12 repair; house and building moving; household  
56 13 appliance, television, and radio repair; janitorial  
56 14 and building maintenance or cleaning; jewelry and  
56 15 watch repair; lawn care, landscaping, and tree  
56 16 trimming and removal; limousine service, including  
56 17 driver; machine operator; machine repair of all kinds;  
56 18 motor repair; motorcycle, scooter, and bicycle repair;  
56 19 oilers and lubricators; office and business machine  
56 20 repair; painting, papering, and interior decorating;  
56 21 parking facilities; pay television; pet grooming; pipe  
56 22 fitting and plumbing; wood preparation; executive  
56 23 search agencies; private employment agencies,  
56 24 excluding services for placing a person in employment  
56 25 where the principal place of employment of that person  
56 26 is to be located outside of the state; reflexology;  
56 27 security and detective services; sewage services for  
56 28 nonresidential commercial operations; sewing and  
56 29 stitching; shoe repair and shoeshine; sign  
56 30 construction and installation; storage of household  
56 31 goods, mini-storage, and warehousing of raw  
56 32 agricultural products; swimming pool cleaning and  
56 33 maintenance; tanning beds or salons; taxidermy  
56 34 services; telephone answering service; test  
56 35 laboratories, including mobile testing laboratories  
56 36 and field testing by testing laboratories, and  
56 37 excluding tests on humans or animals; termite, bug,  
56 38 roach, and pest eradicators; tin and sheet metal  
56 39 repair; Turkish baths, massage, and reducing salons,  
56 40 excluding services provided by massage therapists  
56 41 licensed under chapter 152C; water conditioning and  
56 42 softening; weighing; welding; well drilling; wrapping,  
56 43 packing, and packaging of merchandise other than  
56 44 processed meat, fish, fowl, and vegetables; wrecking  
56 45 service; wrecker and towing.

56 46 For the purposes of this subsection, the sales  
56 47 price of a lease or rental includes rents, royalties,  
56 48 and copyright and license fees. For the purposes of  
56 49 this subsection, "financial institutions" means all  
56 50 national banks, federally chartered savings and loan  
57 1 associations, federally chartered savings banks,  
57 2 federally chartered credit unions, banks organized  
57 3 under chapter 524, savings and loan associations and  
57 4 savings banks organized under chapter 534, and credit  
57 5 unions organized under chapter 533.  
57 6 7. a. A tax of five percent is imposed upon the  
57 7 sales price from the sales, furnishing, or service of  
57 8 solid waste collection and disposal service.

57 9 For purposes of this subsection, "solid waste"  
57 10 means garbage, refuse, sludge from a water supply  
57 11 treatment plant or air contaminant treatment facility,  
57 12 and other discarded waste materials and sludges, in  
57 13 solid, semisolid, liquid, or contained gaseous form,  
57 14 resulting from nonresidential commercial operations,  
57 15 but does not include auto hulks; street sweepings;  
57 16 ash; construction debris; mining waste; trees; tires;  
57 17 lead acid batteries; used oil; hazardous waste; animal  
57 18 waste used as fertilizer; earthen fill, boulders, or  
57 19 rock; foundry sand used for daily cover at a sanitary  
57 20 landfill; sewage sludge; solid or dissolved material  
57 21 in domestic sewage or other common pollutants in water  
57 22 resources, such as silt, dissolved or suspended solids  
57 23 in industrial waste water effluents or discharges  
57 24 which are point sources subject to permits under  
57 25 section 402 of the federal Water Pollution Control  
57 26 Act, or dissolved materials in irrigation return  
57 27 flows; or source, special nuclear, or by-product  
57 28 material defined by the federal Atomic Energy Act of  
57 29 1954.

57 30 A recycling facility that separates or processes  
57 31 recyclable materials and that reduces the volume of  
57 32 the waste by at least eighty-five percent is exempt  
57 33 from the tax imposed by this subsection if the waste  
57 34 exempted is collected and disposed of separately from  
57 35 other solid waste.

57 36 b. A person who transports solid waste generated  
57 37 by that person or another person without compensation  
57 38 shall pay the tax imposed by this subsection at the  
57 39 collection or disposal facility based on the disposal  
57 40 charge or tipping fee. However, the costs of a  
57 41 service or portion of a service to collect and manage  
57 42 recyclable materials separated from solid waste by the  
57 43 waste generator are exempt from the tax imposed by  
57 44 this subsection.

57 45 8. a. A tax of five percent is imposed upon the  
57 46 sales price from sales of bundled services contracts.  
57 47 For purposes of this subsection, a "bundled services  
57 48 contract" means an agreement providing for a  
57 49 retailer's performance of services, one or more of  
57 50 which is a taxable service enumerated in this section  
58 1 and one or more of which is not, in return for a  
58 2 consumer's or user's single payment for the  
58 3 performance of the services, with no separate  
58 4 statement to the consumer or user of what portion of  
58 5 that payment is attributable to any one service which  
58 6 is a part of the contract.

58 7 b. For purposes of the administration of the tax  
58 8 on bundled services contracts, the director may enter  
58 9 into agreements of limited duration with individual  
58 10 retailers, groups of retailers, or organizations  
58 11 representing retailers of bundled services contracts.  
58 12 Such an agreement shall impose the tax rate only upon  
58 13 that portion of the sales price from a bundled  
58 14 services contract which is attributable to taxable  
58 15 services provided under the contract.

58 16 9. A tax of five percent is imposed upon the sales  
58 17 price from any mobile telecommunications service which  
58 18 this state is allowed to tax by the provisions of the  
58 19 federal Mobile Telecommunications Sourcing Act, Pub.  
58 20 L. No. 106=252, 4 U.S.C. } 116 et seq. For purposes  
58 21 of this subsection, taxes on mobile telecommunications  
58 22 service, as defined under the federal Mobile  
58 23 Telecommunications Sourcing Act that are deemed to be  
58 24 provided by the customer's home service provider,  
58 25 shall be paid to the taxing jurisdiction whose  
58 26 territorial limits encompass the customer's place of  
58 27 primary use, regardless of where the mobile  
58 28 telecommunications service originates, terminates, or  
58 29 passes through and shall in all other respects be  
58 30 taxed in conformity with the federal Mobile  
58 31 Telecommunications Sourcing Act. All other provisions  
58 32 of the federal Mobile Telecommunications Sourcing Act  
58 33 are adopted by the state of Iowa and incorporated into  
58 34 this subsection by reference. With respect to mobile  
58 35 telecommunications service under the federal Mobile  
58 36 Telecommunications Sourcing Act, the director shall,  
58 37 if requested, enter into agreements consistent with  
58 38 the provisions of the federal Act.

58 39 10. All revenues arising under the operation of  
58 40 the provisions of this section shall be deposited into  
58 41 the general fund of the state.

58 42 Sec. 105. NEW SECTION. 423.3 EXEMPTIONS.

58 43 There is exempted from the provisions of this  
58 44 subchapter and from the computation of the amount of  
58 45 tax imposed by it the following:

58 46 1. The sales price from sales of tangible personal  
58 47 property and services furnished which this state is  
58 48 prohibited from taxing under the Constitution or laws  
58 49 of the United States or under the Constitution of this  
58 50 state.

59 1 2. The sales price of sales for resale of tangible  
59 2 personal property or taxable services, or for resale  
59 3 of tangible personal property in connection with the  
59 4 furnishing of taxable services.

59 5 3. The sales price of agricultural breeding  
59 6 livestock and domesticated fowl.

59 7 4. The sales price of commercial fertilizer.

59 8 5. The sales price of agricultural limestone,  
59 9 herbicide, pesticide, insecticide, including  
59 10 adjuvants, surfactants, and other products directly

59 11 related to the application enhancement of those  
59 12 products, food, medication, or agricultural drain  
59 13 tile, including installation of agricultural drain  
59 14 tile, any of which are to be used in disease control,  
59 15 weed control, insect control, or health promotion of  
59 16 plants or livestock produced as part of agricultural  
59 17 production for market.

59 18 6. The sales price of tangible personal property  
59 19 which will be consumed as fuel in creating heat,  
59 20 power, or steam for grain drying, or for providing  
59 21 heat or cooling for livestock buildings or for  
59 22 greenhouses or buildings or parts of buildings  
59 23 dedicated to the production of flowering, ornamental,  
59 24 or vegetable plants intended for sale in the ordinary  
59 25 course of business, or for use in cultivation of  
59 26 agricultural products by aquaculture, or in implements  
59 27 of husbandry engaged in agricultural production.

59 28 7. The sales price of services furnished by  
59 29 specialized flying implements of husbandry used for  
59 30 agricultural aerial spraying.

59 31 8. The sales price exclusive of services of farm  
59 32 machinery and equipment, including auxiliary  
59 33 attachments which improve the performance, safety,  
59 34 operation, or efficiency of the machinery and  
59 35 equipment and replacement parts, if the following  
59 36 conditions are met:

59 37 a. The farm machinery and equipment shall be  
59 38 directly and primarily used in production of  
59 39 agricultural products.

59 40 b. The farm machinery and equipment shall  
59 41 constitute self-propelled implements or implements  
59 42 customarily drawn or attached to self-propelled  
59 43 implements or the farm machinery or equipment is a  
59 44 grain dryer.

59 45 c. The replacement part is essential to any repair  
59 46 or reconstruction necessary to the farm machinery's or  
59 47 equipment's exempt use in the production of  
59 48 agricultural products.

59 49 Vehicles subject to registration, as defined in  
59 50 section 423.1, or replacement parts for such vehicles,  
60 1 are not eligible for this exemption.

60 2 9. The sales price of wood chips, sawdust, hay,  
60 3 straw, paper, or other materials used for bedding in  
60 4 the production of agricultural livestock or fowl.

60 5 10. The sales price of gas, electricity, water, or  
60 6 heat to be used in implements of husbandry engaged in  
60 7 agricultural production.

60 8 11. The sales price exclusive of services of farm  
60 9 machinery and equipment, including auxiliary  
60 10 attachments which improve the performance, safety,  
60 11 operation, or efficiency of the machinery and  
60 12 equipment and replacement parts, if all of the  
60 13 following conditions are met:

60 14 a. The implement, machinery, or equipment is  
60 15 directly and primarily used in livestock or dairy  
60 16 production, aquaculture production, or the production  
60 17 of flowering, ornamental, or vegetable plants.

60 18 b. The implement is not a self-propelled implement  
60 19 or implement customarily drawn or attached to self=  
60 20 propelled implements.

60 21 c. The replacement part is essential to any repair  
60 22 or reconstruction necessary to the farm machinery's or  
60 23 equipment's exempt use in livestock or dairy  
60 24 production, aquaculture production, or the production  
60 25 of flowering, ornamental, or vegetable plants.

60 26 12. The sales price, exclusive of services, from  
60 27 sales of irrigation equipment used in farming  
60 28 operations.

60 29 13. The sales price from the sale or rental of  
60 30 irrigation equipment, whether installed above or below  
60 31 ground, to a contractor or farmer if the equipment  
60 32 will be primarily used in agricultural operations.

60 33 14. The sales price from the sales of horses,  
60 34 commonly known as draft horses, when purchased for use  
60 35 and so used as draft horses.

60 36 15. The sales price from the sale of property  
60 37 which is a container, label, carton, pallet, packing  
60 38 case, wrapping, baling wire, twine, bag, bottle,  
60 39 shipping case, or other similar article or receptacle  
60 40 sold for use in agricultural, livestock, or dairy  
60 41 production.

60 42 16. The sales price from the sale of feed and feed  
60 43 supplements and additives when used for consumption by  
60 44 farm deer or bison.

60 45 17. The sales price of all goods, wares, or  
60 46 merchandise, or services, used for educational  
60 47 purposes sold to any private nonprofit educational  
60 48 institution in this state. For the purpose of this  
60 49 subsection, "educational institution" means an  
60 50 institution which primarily functions as a school,  
61 1 college, or university with students, faculty, and an  
61 2 established curriculum. The faculty of an educational  
61 3 institution must be associated with the institution  
61 4 and the curriculum must include basic courses which  
61 5 are offered every year. "Educational institution"  
61 6 includes an institution primarily functioning as a  
61 7 library.

61 8 18. The sales price of tangible personal property  
61 9 sold, or of services furnished, to the following  
61 10 nonprofit corporations:

61 11 a. Residential care facilities and intermediate  
61 12 care facilities for persons with mental retardation  
61 13 and residential care facilities for persons with  
61 14 mental illness licensed by the department of  
61 15 inspections and appeals under chapter 135C.

61 16 b. Residential facilities licensed by the  
61 17 department of human services pursuant to chapter 237,  
61 18 other than those maintained by individuals as defined  
61 19 in section 237.1, subsection 7.

61 20 c. Rehabilitation facilities that provide  
61 21 accredited rehabilitation services to persons with  
61 22 disabilities which are accredited by the commission on  
61 23 accreditation of rehabilitation facilities or the  
61 24 accreditation council for services for persons with  
61 25 mental retardation and other persons with  
61 26 developmental disabilities and adult day care services  
61 27 approved for reimbursement by the state department of  
61 28 human services.

61 29 d. Community mental health centers accredited by  
61 30 the department of human services pursuant to chapter  
61 31 225C.

61 32 e. Community health centers as defined in 42  
61 33 U.S.C. } 254(c) and migrant health centers as defined  
61 34 in 42 U.S.C. } 254(b).

61 35 19. The sales price of tangible personal property  
61 36 sold to a nonprofit organization which was organized  
61 37 for the purpose of lending the tangible personal  
61 38 property to the general public for use by them for  
61 39 nonprofit purposes.

61 40 20. The sales price of tangible personal property  
61 41 sold, or of services furnished, to nonprofit legal aid  
61 42 organizations.

61 43 21. The sales price of goods, wares, or  
61 44 merchandise, or of services, used for educational,  
61 45 scientific, historic preservation, or aesthetic  
61 46 purpose sold to a nonprofit private museum.

61 47 22. The sales price from sales of goods, wares, or  
61 48 merchandise, or from services furnished, to a  
61 49 nonprofit private art center to be used in the  
61 50 operation of the art center.

62 1 23. The sales price of tangible personal property  
62 2 sold, or of services furnished, by a fair society  
62 3 organized under chapter 174.

62 4 24. The sales price from services furnished by the  
62 5 notification center established pursuant to section  
62 6 480.3, and the vendor selected pursuant to section  
62 7 480.3 to provide the notification service.

62 8 25. The sales price of food and beverages sold for  
62 9 human consumption by a nonprofit organization which  
62 10 principally promotes a food or beverage product for  
62 11 human consumption produced, grown, or raised in this  
62 12 state and whose income is exempt from federal taxation  
62 13 under section 501(c) of the Internal Revenue Code.

62 14 26. The sales price of tangible personal property  
62 15 sold, or of services furnished, to a statewide  
62 16 nonprofit organ procurement organization, as defined  
62 17 in section 142C.2.

62 18 27. The sales price of tangible personal property  
62 19 sold, or of services furnished, to a nonprofit  
62 20 hospital licensed pursuant to chapter 135B to be used  
62 21 in the operation of the hospital.

62 22 28. The sales price of tangible personal property

62 23 sold, or of services furnished, to a freestanding  
62 24 nonprofit hospice facility which operates a hospice  
62 25 program as defined in 42 C.F.R., ch. IV, } 418.3,  
62 26 which property or services are to be used in the  
62 27 hospice program.

62 28 29. The sales price of all goods, wares, or  
62 29 merchandise sold, or of services furnished, which are  
62 30 used in the fulfillment of a written construction  
62 31 contract with a nonprofit hospital licensed pursuant  
62 32 to chapter 135B if all of the following apply:

62 33 a. The sales and delivery of the goods, wares, or  
62 34 merchandise, or the services furnished occurred  
62 35 between July 1, 1998, and December 31, 2001.

62 36 b. The written construction contract was entered  
62 37 into prior to December 31, 1999, or bonds to fund the  
62 38 construction were issued prior to December 31, 1999.

62 39 c. The sales or services were purchased by a  
62 40 contractor as the agent for the hospital or were  
62 41 purchased directly by the hospital.

62 42 30. The sales price of livestock ear tags sold by  
62 43 a nonprofit organization whose income is exempt from  
62 44 federal taxation under section 501(c)(6) of the  
62 45 Internal Revenue Code where the proceeds are used in  
62 46 bovine research programs selected or approved by such  
62 47 organization.

62 48 31. The sales price of goods, wares, or  
62 49 merchandise sold to and of services furnished, and  
62 50 used for public purposes sold to a tax-certifying or  
63 1 tax-levying body of the state or a governmental  
63 2 subdivision of the state, including regional transit  
63 3 systems, as defined in section 324A.1, the state board  
63 4 of regents, department of human services, state  
63 5 department of transportation, any municipally owned  
63 6 solid waste facility which sells all or part of its  
63 7 processed waste as fuel to a municipally owned public  
63 8 utility, and all divisions, boards, commissions,  
63 9 agencies, or instrumentalities of state, federal,  
63 10 county, or municipal government which have no earnings  
63 11 going to the benefit of an equity investor or  
63 12 stockholder, except any of the following:

63 13 a. The sales price of goods, wares, or merchandise  
63 14 sold to, or of services furnished, and used by or in  
63 15 connection with the operation of any municipally owned  
63 16 public utility engaged in selling gas, electricity,  
63 17 heat, or pay television service to the general public.

63 18 b. The sales price of furnishing of sewage  
63 19 services to a county or municipality on behalf of  
63 20 nonresidential commercial operations.

63 21 c. The furnishing of solid waste collection and  
63 22 disposal service to a county or municipality on behalf  
63 23 of nonresidential commercial operations located within  
63 24 the county or municipality.

63 25 The exemption provided by this subsection shall  
63 26 also apply to all such sales of goods, wares, or  
63 27 merchandise or of services furnished and subject to  
63 28 use tax.

63 29 32. The sales price of tangible personal property  
63 30 sold, or of services furnished, by a county or city.  
63 31 This exemption does not apply to any of the following:

63 32 a. The tax specifically imposed under section  
63 33 423.2 on the sales price from sales or furnishing of  
63 34 gas, electricity, water, heat, pay television service,  
63 35 or communication service to the public by a municipal  
63 36 corporation in its proprietary capacity.

63 37 b. The sale or furnishing of solid waste  
63 38 collection and disposal service to nonresidential  
63 39 commercial operations.

63 40 c. The sale or furnishing of sewage service for  
63 41 nonresidential commercial operations.

63 42 d. Fees paid to cities and counties for the  
63 43 privilege of participating in any athletic sports.

63 44 33. The sales price of mementos and other items  
63 45 relating to Iowa history and historic sites, the  
63 46 general assembly, and the state capitol, sold by the  
63 47 legislative service bureau and its legislative  
63 48 information office on the premises of property under  
63 49 the control of the legislative council, at the state  
63 50 capitol, and on other state property.

64 1 34. The sales price from sales of mementos and  
64 2 other items relating to Iowa history and historic  
64 3 sites by the department of cultural affairs on the

64 4 premises of property under its control and at the  
64 5 state capitol.

64 6 35. The sales price from sales or services  
64 7 furnished by the state fair organized under chapter  
64 8 173.

64 9 36. The sales price from sales of tangible  
64 10 personal property or of the sale or furnishing of  
64 11 electrical energy, natural or artificial gas, or  
64 12 communication service to another state or political  
64 13 subdivision of another state if the other state  
64 14 provides a similar reciprocal exemption for this state  
64 15 and political subdivision of this state.

64 16 37. The sales price of services on or connected  
64 17 with new construction, reconstruction, alteration,  
64 18 expansion, remodeling, or the services of a general  
64 19 building contractor, architect, or engineer.

64 20 38. The sales price from the sale of building  
64 21 materials, supplies, or equipment sold to rural water  
64 22 districts organized under chapter 504A as provided in  
64 23 chapter 357A and used for the construction of  
64 24 facilities of a rural water district.

64 25 39. The sales price from "casual sales".  
64 26 "Casual sales" means:  
64 27 a. Sales of tangible personal property, or the  
64 28 furnishing of services, of a nonrecurring nature, by  
64 29 the owner, if the seller, at the time of the sale, is  
64 30 not engaged for profit in the business of selling  
64 31 tangible personal property or services taxed under  
64 32 section 423.2.  
64 33 b. The sale of all or substantially all of the  
64 34 tangible personal property or services held or used by  
64 35 a seller in the course of the seller's trade or  
64 36 business for which the seller is required to hold a  
64 37 sales tax permit when the seller sells or otherwise  
64 38 transfers the trade or business to another person who  
64 39 shall engage in a similar trade or business.

64 40 40. The sales price from the sale of automotive  
64 41 fluids to a retailer to be used either in providing a  
64 42 service which includes the installation or application  
64 43 of the fluids in or on a motor vehicle, which service  
64 44 is subject to section 423.2, subsection 6, or to be  
64 45 installed in or applied to a motor vehicle which the  
64 46 retailer intends to sell, which sale is subject to  
64 47 section 423.26. For purposes of this subsection,  
64 48 automotive fluids are all those which are refined,  
64 49 manufactured, or otherwise processed and packaged for  
64 50 sale prior to their installation in or application to  
65 1 a motor vehicle. They include but are not limited to  
65 2 motor oil and other lubricants, hydraulic fluids,  
65 3 brake fluid, transmission fluid, sealants,  
65 4 undercoatings, antifreeze, and gasoline additives.

65 5 41. The sales price from the rental of motion  
65 6 picture films, video and audio tapes, video and audio  
65 7 discs, records, photos, copy, scripts, or other media  
65 8 used for the purpose of transmitting that which can be  
65 9 seen, heard, or read, if either of the following  
65 10 conditions are met:  
65 11 a. The lessee imposes a charge for the viewing of  
65 12 such media and the charge for the viewing is subject  
65 13 to taxation under this subchapter or is subject to use  
65 14 tax.  
65 15 b. The lessee broadcasts the contents of such  
65 16 media for public viewing or listening.

65 17 42. The sales price from the sale of tangible  
65 18 personal property consisting of advertising material  
65 19 including paper to a person in Iowa if that person or  
65 20 that person's agent will, subsequent to the sale, send  
65 21 that advertising material outside this state and the  
65 22 material is subsequently used solely outside of Iowa.  
65 23 For the purpose of this subsection, "advertising  
65 24 material" means any brochure, catalog, leaflet, flyer,  
65 25 order form, return envelope, or similar item used to  
65 26 promote sales of property or services.

65 27 43. The sales price from the sale of property or  
65 28 of services performed on property which the retailer  
65 29 transfers to a carrier for shipment to a point outside  
65 30 of Iowa, places in the United States mail or parcel  
65 31 post directed to a point outside of Iowa, or  
65 32 transports to a point outside of Iowa by means of the  
65 33 retailer's own vehicles, and which is not thereafter  
65 34 returned to a point within Iowa, except solely in the



65 35 course of interstate commerce or transportation. This  
65 36 exemption shall not apply if the purchaser, consumer,  
65 37 or their agent, other than a carrier, takes physical  
65 38 possession of the property in Iowa.

65 39 44. The sales price from the sale of property  
65 40 which is a container, label, carton, pallet, packing  
65 41 case, wrapping paper, twine, bag, bottle, shipping  
65 42 case, or other similar article or receptacle sold to  
65 43 retailers or manufacturers for the purpose of  
65 44 packaging or facilitating the transportation of  
65 45 tangible personal property sold at retail or  
65 46 transferred in association with the maintenance or  
65 47 repair of fabric or clothing.

65 48 45. The sales price from sales or rentals to a  
65 49 printer or publisher of the following: acetate; anti=  
65 50 halation backing; antistatic spray; back lining; base  
66 1 material used as a carrier for light sensitive  
66 2 emulsions; blankets; blow-ups; bronze powder; carbon  
66 3 tissue; codas; color filters; color separations;  
66 4 contacts; continuous tone separations; creative art;  
66 5 custom dies and die cutting materials; dampener  
66 6 sleeves; dampening solution; design and styling; diazo  
66 7 coating; dot etching; dot etching solutions; drawings;  
66 8 drawsheets; driers; duplicate films or prints;  
66 9 electronically digitized images; electrotypes; end  
66 10 product of image modulation; engravings; etch  
66 11 solutions; film; finished art or final art; fix;  
66 12 fixative spray; flats; flying pasters; foils;  
66 13 goldenrod paper; gum; halftones; illustrations; ink;  
66 14 ink paste; keylines; lacquer; lasering images;  
66 15 layouts; lettering; line negatives and positives;  
66 16 linotypes; lithographic offset plates; magnesium and  
66 17 zinc etchings; masking paper; masks; masters; mats;  
66 18 mat service; metal toner; models and modeling; mylar;  
66 19 negatives; nonoffset spray; opaque film process paper;  
66 20 opaquin; padding compound; paper stock; photographic  
66 21 materials: acids, plastic film, desensitizer  
66 22 emulsion, exposure chemicals, fix, developers, and  
66 23 paper; photography, day rate; photopolymer coating;  
66 24 photographs; photostats; photo=display tape;  
66 25 phototypesetter materials; ph=indicator sticks;  
66 26 positives; press pack; printing cylinders; printing  
66 27 plates, all types; process lettering; proof paper;  
66 28 proofs and proof processes, all types; pumice powder;  
66 29 purchased author alterations; purchased composition;  
66 30 purchased phototypesetting; purchased stripping and  
66 31 pasteups; red litho tape; reducers; roller covering;  
66 32 screen tints; sketches; stepped plates; stereotypes;  
66 33 strip types; substrate; tints; tissue overlays;  
66 34 toners; transparencies; tympan; typesetting;  
66 35 typography; varnishes; veloxes; wood mounts; and any  
66 36 other items used in a like capacity to any of the  
66 37 above enumerated items by the printer or publisher to  
66 38 complete a finished product for sale at retail.  
66 39 Expendable tools and supplies which are not enumerated  
66 40 in this subsection are excluded from the exemption.  
66 41 "Printer" means that portion of a person's business  
66 42 engaged in printing that completes a finished product  
66 43 for ultimate sale at retail or means that portion of a  
66 44 person's business used to complete a finished printed  
66 45 packaging material used to package a product for  
66 46 ultimate sale at retail. "Printer" does not mean an  
66 47 in-house printer who prints or copyrights its own  
66 48 materials.

66 49 46. a. The sales price from the sale or rental of  
66 50 computers, machinery, and equipment, including  
67 1 replacement parts, and materials used to construct or  
67 2 self=construct computers, machinery, and equipment if  
67 3 such items are any of the following:  
67 4 (1) Directly and primarily used in processing by a  
67 5 manufacturer.  
67 6 (2) Directly and primarily used to maintain the  
67 7 integrity of the product or to maintain unique  
67 8 environmental conditions required for either the  
67 9 product or the computers, machinery, and equipment  
67 10 used in processing by a manufacturer, including test  
67 11 equipment used to control quality and specifications  
67 12 of the product.  
67 13 (3) Directly and primarily used in research and  
67 14 development of new products or processes of  
67 15 processing.

67 16 (4) Computers used in processing or storage of  
67 17 data or information by an insurance company, financial  
67 18 institution, or commercial enterprise.

67 19 (5) Directly and primarily used in recycling or  
67 20 reprocessing of waste products.

67 21 (6) Pollution-control equipment used by a  
67 22 manufacturer, including but not limited to that  
67 23 required or certified by an agency of this state or of  
67 24 the United States government.

67 25 b. The sales price from the sale of fuel used in  
67 26 creating heat, power, steam, or for generating  
67 27 electrical current, or from the sale of electricity,  
67 28 consumed by computers, machinery, or equipment used in  
67 29 an exempt manner described in paragraph "a",  
67 30 subparagraph (1), (2), (3), (5), or (6).

67 31 c. The sales price from the sale or rental of the  
67 32 following shall not be exempt from the tax imposed by  
67 33 this subchapter:

67 34 (1) Hand tools.

67 35 (2) Point-of-sale equipment and computers.

67 36 (3) Industrial machinery, equipment, and  
67 37 computers, including pollution-control equipment  
67 38 within the scope of section 427A.1, subsection 1,  
67 39 paragraphs "h" and "i".

67 40 (4) Vehicles subject to registration, except  
67 41 vehicles subject to registration which are directly  
67 42 and primarily used in recycling or reprocessing of  
67 43 waste products.

67 44 d. As used in this subsection:

67 45 (1) "Commercial enterprise" includes businesses  
67 46 and manufacturers conducted for profit and centers for  
67 47 data processing services to insurance companies,  
67 48 financial institutions, businesses, and manufacturers,  
67 49 but excludes professions and occupations and nonprofit  
67 50 organizations.

68 1 (2) "Financial institution" means as defined in  
68 2 section 527.2.

68 3 (3) "Insurance company" means an insurer organized  
68 4 or operating under chapter 508, 514, 515, 518, 518A,  
68 5 519, or 520, or authorized to do business in Iowa as  
68 6 an insurer or an insurance producer under chapter  
68 7 522B.

68 8 (4) "Manufacturer" means as defined in section  
68 9 428.20, but also includes contract manufacturers. A  
68 10 contract manufacturer is a manufacturer that otherwise  
68 11 falls within the definition of manufacturer under  
68 12 section 428.20, except that a contract manufacturer  
68 13 does not sell the tangible personal property the  
68 14 contract manufacturer processes on behalf of other  
68 15 manufacturers. A business engaged in activities  
68 16 subsequent to the extractive process of quarrying or  
68 17 mining, such as crushing, washing, sizing, or blending  
68 18 of aggregate materials, is a manufacturer with respect  
68 19 to these activities.

68 20 (5) "Processing" means a series of operations in  
68 21 which materials are manufactured, refined, purified,  
68 22 created, combined, or transformed by a manufacturer,  
68 23 ultimately into tangible personal property.

68 24 Processing encompasses all activities commencing with  
68 25 the receipt or producing of raw materials by the  
68 26 manufacturer and ending at the point products are  
68 27 delivered for shipment or transferred from the  
68 28 manufacturer. Processing includes but is not limited  
68 29 to refinement or purification of materials; treatment  
68 30 of materials to change their form, context, or  
68 31 condition; maintenance of the quality or integrity of  
68 32 materials, components, or products; maintenance of  
68 33 environmental conditions necessary for materials,  
68 34 components, or products; quality control activities;  
68 35 and construction of packaging and shipping devices,  
68 36 placement into shipping containers or any type of  
68 37 shipping devices or medium, and the movement of  
68 38 materials, components, or products until shipment from  
68 39 the processor.

68 40 (6) "Receipt or producing of raw materials" means  
68 41 activities performed upon tangible personal property  
68 42 only. With respect to raw materials produced from or  
68 43 upon real estate, the receipt or producing of raw  
68 44 materials is deemed to occur immediately following the  
68 45 severance of the raw materials from the real estate.

68 46 47. The sales price from the furnishing of the

68 47 design and installation of new industrial machinery or  
68 48 equipment, including electrical and electronic  
68 49 installation.

68 50 48. The sales price from the sale of carbon  
69 1 dioxide in a liquid, solid, or gaseous form,  
69 2 electricity, steam, and other taxable services when  
69 3 used by a manufacturer of food products to produce  
69 4 marketable food products for human consumption,  
69 5 including but not limited to treatment of material to  
69 6 change its form, context, or condition, in order to  
69 7 produce the food product, maintenance of quality or  
69 8 integrity of the food product, changing or maintenance  
69 9 of temperature levels necessary to avoid spoilage or  
69 10 to hold the food product in marketable condition,  
69 11 maintenance of environmental conditions necessary for  
69 12 the safe or efficient use of machinery and material  
69 13 used to produce the food product, sanitation and  
69 14 quality control activities, formation of packaging,  
69 15 placement into shipping containers, and movement of  
69 16 the material or food product until shipment from the  
69 17 building of manufacture.

69 18 49. The sales price of sales of electricity,  
69 19 steam, or any taxable service when purchased and used  
69 20 in the processing of tangible personal property  
69 21 intended to be sold ultimately at retail.

69 22 50. The sales price of tangible personal property  
69 23 sold for processing. Tangible personal property is  
69 24 sold for processing within the meaning of this  
69 25 subsection only when it is intended that the property  
69 26 will, by means of fabrication, compounding,  
69 27 manufacturing, or germination, become an integral part  
69 28 of other tangible personal property intended to be  
69 29 sold ultimately at retail; or for generating electric  
69 30 current; or the property is a chemical, solvent,  
69 31 sorbent, or reagent, which is directly used and is  
69 32 consumed, dissipated, or depleted, in processing  
69 33 tangible personal property which is intended to be  
69 34 sold ultimately at retail or consumed in the  
69 35 maintenance or repair of fabric or clothing, and which  
69 36 may not become a component or integral part of the  
69 37 finished product. The distribution to the public of  
69 38 free newspapers or shoppers guides is a retail sale  
69 39 for purposes of the processing exemption set out in  
69 40 this subsection and in subsection 49.

69 41 51. The sales price from the sale of argon and  
69 42 other similar gases to be used in the manufacturing  
69 43 process.

69 44 52. The sales price from the sale of electricity  
69 45 to water companies assessed for property tax pursuant  
69 46 to sections 428.24, 428.26, and 428.28 which is used  
69 47 solely for the purpose of pumping water from a river  
69 48 or well.

69 49 53. The sales price from the sale of wind energy  
69 50 conversion property to be used as an electric power  
70 1 source and the sale of the materials used to  
70 2 manufacture, install, or construct wind energy  
70 3 conversion property used or to be used as an electric  
70 4 power source.

70 5 For purposes of this subsection, "wind energy  
70 6 conversion property" means any device, including, but  
70 7 not limited to, a wind charger, windmill, wind  
70 8 turbine, tower and electrical equipment, pad mount  
70 9 transformers, power lines, and substation, which  
70 10 converts wind energy to a form of usable energy.

70 11 54. The sales price from the sales of newspapers,  
70 12 free newspapers, or shoppers guides and the printing  
70 13 and publishing of such newspapers and shoppers guides,  
70 14 and envelopes for advertising.

70 15 55. The sales price from the sale of motor fuel  
70 16 and special fuel consumed for highway use or in  
70 17 watercraft or aircraft where the fuel tax has been  
70 18 imposed and paid and no refund has been or will be  
70 19 allowed and the sales price from the sales of ethanol  
70 20 blended gasoline, as defined in section 452A.2.

70 21 56. The sales price from all sales of food and  
70 22 food ingredients. However, as used in this  
70 23 subsection, "food" does not include alcoholic  
70 24 beverages, candy, dietary supplements, food sold  
70 25 through vending machines, prepared food, soft drinks,  
70 26 and tobacco.

70 27 For the purposes of this subsection:

70 28 a. "Alcoholic beverages" means beverages that are  
70 29 suitable for human consumption and contain one-half of  
70 30 one percent or more of alcohol by volume.

70 31 b. "Candy" means a preparation of sugar, honey, or  
70 32 other natural or artificial sweeteners in combination  
70 33 with chocolate, fruits, nuts, or other ingredients or  
70 34 flavorings in the form of bars, drops, or pieces.  
70 35 Candy shall not include any preparation containing  
70 36 flour and shall require no refrigeration.

70 37 c. "Dietary supplement" means any product, other  
70 38 than tobacco, intended to supplement the diet that  
70 39 contains one or more of the following dietary  
70 40 ingredients:

70 41 (1) A vitamin.  
70 42 (2) A mineral.  
70 43 (3) An herb or other botanical.  
70 44 (4) An amino acid.  
70 45 (5) A dietary substance for use by humans to  
70 46 supplement the diet by increasing the total dietary  
70 47 intake.  
70 48 (6) A concentrate, metabolite, constituent,  
70 49 extract, or combination of any of the ingredients in  
70 50 subparagraphs (1) through (5) that is intended for  
71 1 ingestion in tablet, capsule, powder, softgel, gelcap,  
71 2 or liquid form, or if not intended for ingestion in  
71 3 such a form, is not represented as conventional food  
71 4 and is not represented for use as a sole item of a  
71 5 meal or of the diet; and is required to be labeled as  
71 6 a dietary supplement, identifiable by the "supplement  
71 7 facts" box found on the label and as required pursuant  
71 8 to 21 C.F.R. } 101.36.

71 9 d. "Food and food ingredients" means substances,  
71 10 whether in liquid, concentrated, solid, frozen, dried,  
71 11 or dehydrated form, that are sold for ingestion or  
71 12 chewing by humans and are consumed for their taste or  
71 13 nutritional value.

71 14 e. "Food sold through vending machines" means food  
71 15 dispensed from a machine or other mechanical device  
71 16 that accepts payment, other than food which would be  
71 17 qualified for exemption under subsection 57 if  
71 18 purchased with a coupon described in subsection 57.

71 19 f. "Prepared food" means any of following:

71 20 (1) Food sold in a heated state or heated by the  
71 21 seller, including food sold by a caterer.  
71 22 (2) Two or more food ingredients mixed or combined  
71 23 by the seller for sale as a single item.  
71 24 (3) "Prepared food", for the purposes of this  
71 25 paragraph, does not include food that is any of the  
71 26 following:

71 27 (a) Only cut, repackaged, or pasteurized by the  
71 28 seller.  
71 29 (b) Eggs, fish, meat, poultry, and foods  
71 30 containing these raw animal foods requiring cooking by  
71 31 the consumer as recommended by the United States food  
71 32 and drug administration in chapter 3, part 401.11 of  
71 33 its food code, so as to prevent food borne illnesses.  
71 34 (c) Bakery items sold by the seller which baked  
71 35 them. The words "bakery items" includes but is not  
71 36 limited to breads, rolls, buns, biscuits, bagels,  
71 37 croissants, pastries, donuts, Danish, cakes, tortes,  
71 38 pies, tarts, muffins, bars, cookies, and tortillas.  
71 39 (d) Food sold without eating utensils provided by  
71 40 the seller in an unheated state as a single item which  
71 41 is priced by weight or volume.  
71 42 (4) Food sold with eating utensils provided by the  
71 43 seller, including plates, knives, forks, spoons,  
71 44 glasses, cups, napkins, or straws. A plate does not  
71 45 include a container or packaging used to transport  
71 46 food.

71 47 g. "Soft drinks" means nonalcoholic beverages that  
71 48 contain natural or artificial sweeteners. "Soft  
71 49 drinks" does not include beverages that contain milk  
71 50 or milk products; soy, rice, or similar milk  
72 1 substitutes; or greater than fifty percent of  
72 2 vegetable or fruit juice by volume.

72 3 f. "Tobacco" means cigarettes, cigars, chewing or  
72 4 pipe tobacco, or any other item that contains tobacco.  
72 5 57. The sales price from the sale of items  
72 6 purchased with coupons issued under the federal Food  
72 7 Stamp Act of 1977, 7 U.S.C. } 2011 et seq.  
72 8 58. In transactions in which tangible personal

72 9 property is traded toward the sales price of other  
72 10 tangible personal property, that portion of the sales  
72 11 price which is not payable in money to the retailer is  
72 12 exempted from the taxable amount if the following  
72 13 conditions are met:

72 14 a. The tangible personal property traded to the  
72 15 retailer is the type of property normally sold in the  
72 16 regular course of the retailer's business.

72 17 b. The tangible personal property traded to the  
72 18 retailer is intended by the retailer to be ultimately  
72 19 sold at retail or is intended to be used by the  
72 20 retailer or another in the remanufacturing of a like  
72 21 item.

72 22 59. The sales price from the sale or rental of  
72 23 prescription drugs or medical devices intended for  
72 24 human use or consumption.

72 25 For the purposes of this subsection:

72 26 a. "Drug" means a compound, substance, or  
72 27 preparation, and any component of a compound,  
72 28 substance, or preparation, other than food and food  
72 29 ingredients, dietary supplements, or alcoholic  
72 30 beverages which is any of the following:

72 31 (1) Recognized in the official United States  
72 32 pharmacopoeia, official homeopathic pharmacopoeia of  
72 33 the United States, or official national formulary, and  
72 34 supplement to any of them.

72 35 (2) Intended for use in the diagnosis, cure,  
72 36 mitigation, treatment, or prevention of disease.

72 37 (3) Intended to affect the structure or any  
72 38 function of the body.

72 39 b. "Medical device" means equipment or a supply,  
72 40 intended to be prescribed by a practitioner, including  
72 41 orthopedic or orthotic devices. However, "medical  
72 42 device" also includes prosthetic devices, ostomy,  
72 43 urological, and tracheostomy equipment and supplies,  
72 44 and diabetic testing materials, hypodermic syringes  
72 45 and needles, anesthesia trays, biopsy trays and biopsy  
72 46 needles, cannula systems, catheter trays and invasive  
72 47 catheters, dialyzers, drug infusion devices, fistula  
72 48 sets, hemodialysis devices, insulin infusion devices,  
72 49 intraocular lenses, irrigation solutions, intravenous  
72 50 administering sets, solutions and stopcocks, myelogram  
73 1 trays, nebulizers, small vein infusion kits, spinal  
73 2 puncture trays, transfusion sets, venous blood sets,  
73 3 and oxygen equipment, intended to be dispensed for  
73 4 human use with or without a prescription to an  
73 5 ultimate user.

73 6 c. "Practitioner" means a practitioner as defined  
73 7 in section 155A.3, or a person licensed to prescribe  
73 8 drugs.

73 9 d. "Prescription drug" means a drug intended to be  
73 10 dispensed to an ultimate user pursuant to a  
73 11 prescription drug order, formula, or recipe issued in  
73 12 any form of oral, written, electronic, or other means  
73 13 of transmission by a duly licensed practitioner, or  
73 14 oxygen or insulin dispensed for human consumption with  
73 15 or without a prescription drug order or medication  
73 16 order.

73 17 e. "Prosthetic device" means a replacement,  
73 18 corrective, or supportive device including repair and  
73 19 replacement parts for the same worn on or in the body  
73 20 to do any of the following:

73 21 (1) Artificially replace a missing portion of the  
73 22 body.

73 23 (2) Prevent or correct physical deformity or  
73 24 malfunction.

73 25 (3) Support a weak or deformed portion of the  
73 26 body.

73 27 f. "Ultimate user" means an individual who has  
73 28 lawfully obtained and possesses a prescription drug or  
73 29 medical device for the individual's own use or for the  
73 30 use of a member of the individual's household, or an  
73 31 individual to whom a prescription drug or medical  
73 32 device has been lawfully supplied, administered,  
73 33 dispensed, or prescribed.

73 34 60. The sales price from services furnished by  
73 35 aerial commercial and charter transportation services.

73 36 61. The sales price from the sale of raffle  
73 37 tickets for a raffle licensed pursuant to section  
73 38 99B.5.

73 39 62. The sales price from the sale of tangible

73 40 personal property which will be given as prizes to  
73 41 players in games of skill, games of chance, raffles,  
73 42 and bingo games as defined in chapter 99B.  
73 43 63. The sales price from the sale of a modular  
73 44 home, as defined in section 435.1, to the extent of  
73 45 the portion of the purchase price of the modular home  
73 46 which is not attributable to the cost of the tangible  
73 47 personal property used in the processing of the  
73 48 modular home. For purposes of this exemption, the  
73 49 portion of the purchase price which is not  
73 50 attributable to the cost of the tangible personal  
74 1 property used in the processing of the modular home is  
74 2 forty percent.  
74 3 64. The sales price from charges paid to a  
74 4 provider for access to on-line computer services. For  
74 5 purposes of this subsection, "on-line computer  
74 6 service" means a service that provides or enables  
74 7 computer access by multiple users to the internet or  
74 8 to other information made available through a computer  
74 9 server.  
74 10 65. The sales price from the sale or rental of  
74 11 information services. "Information services" means  
74 12 every business activity, process, or function by which  
74 13 a seller or its agent accumulates, prepares,  
74 14 organizes, or conveys data, facts, knowledge,  
74 15 procedures, and like services to a buyer or its agent  
74 16 of such information through any tangible or intangible  
74 17 medium. Information accumulated, prepared, or  
74 18 organized for a buyer or its agent is an information  
74 19 service even though it may incorporate preexisting  
74 20 components of data or other information. "Information  
74 21 services" includes, but is not limited to, database  
74 22 files, mailing lists, subscription files, market  
74 23 research, credit reports, surveys, real estate  
74 24 listings, bond rating reports, abstracts of title, bad  
74 25 check lists, broadcasting rating services, wire  
74 26 services, and scouting reports, or other similar  
74 27 items.  
74 28 66. The sales price of a sale at retail if the  
74 29 substance of the transaction is delivered to the  
74 30 purchaser digitally, electronically, or utilizing  
74 31 cable, or by radio waves, microwaves, satellites, or  
74 32 fiber optics.  
74 33 67. a. The sales price from the sale of an  
74 34 article of clothing designed to be worn on or about  
74 35 the human body if all of the following apply:  
74 36 (1) The sales price of the article is less than  
74 37 one hundred dollars.  
74 38 (2) The sale takes place during a period beginning  
74 39 at 12:01 a.m. on the first Friday in August and ending  
74 40 at midnight on the following Saturday.  
74 41 b. This subsection does not apply to any of the  
74 42 following:  
74 43 (1) Sport or recreational equipment and protective  
74 44 equipment.  
74 45 (2) Clothing accessories or equipment.  
74 46 (3) The rental of clothing.  
74 47 c. For purposes of this subsection:  
74 48 (1) "Clothing" means all human wearing apparel  
74 49 suitable for general use. "Clothing" includes, but is  
74 50 not limited to the following: aprons, household and  
75 1 shop; athletic supporters; baby receiving blankets;  
75 2 bathing suits and caps; beach capes and coats; belts  
75 3 and suspenders; boots; coats and jackets; costumes;  
75 4 diapers (children and adults, including disposable  
75 5 diapers); earmuffs; footlets; formal wear; garters and  
75 6 garter belts; girdles; gloves and mittens for general  
75 7 use; hats and caps; hosiery; insoles for shoes; lab  
75 8 coats; neckties; overshoes; pantyhose; rainwear;  
75 9 rubber pants; sandals; scarves; shoes and shoelaces;  
75 10 slippers; sneakers; socks and stockings; steel-toed  
75 11 shoes; underwear; uniforms, athletic and nonathletic;  
75 12 and wedding apparel.  
75 13 "Clothing" does not include the following: belt  
75 14 buckles sold separately; costume masks sold  
75 15 separately; patches and emblems sold separately;  
75 16 sewing equipment and supplies (including, but not  
75 17 limited to, knitting needles, patterns, pins,  
75 18 scissors, sewing machines, sewing needles, tape  
75 19 measures, and thimbles); and sewing materials that  
75 20 become part of clothing (including, but not limited

75 21 to, buttons, fabric, lace, thread, yarn, and zippers).  
75 22 (2) "Clothing accessories or equipment" means  
75 23 incidental items worn on the person or in conjunction  
75 24 with clothing. "Clothing accessories or equipment"  
75 25 includes, but is not limited to, the following:  
75 26 briefcases; cosmetics; hair notions (including, but  
75 27 not limited to, barrettes, hair bows, and hair nets);  
75 28 handbags; handkerchiefs; jewelry; sunglasses,  
75 29 nonprescription; umbrellas; wallets; watches; and wigs  
75 30 and hairpieces.

75 31 (3) "Protective equipment" means items for human  
75 32 wear and designed as protection for the wearer against  
75 33 injury or disease or as protection against damage or  
75 34 injury of other persons or property but not suitable  
75 35 for general use. "Protective equipment" includes, but  
75 36 is not limited to, the following: breathing masks;  
75 37 clean room apparel and equipment; ear and hearing  
75 38 protectors; face shields; hard hats; helmets; paint or  
75 39 dust respirators; protective gloves; safety glasses  
75 40 and goggles; safety belts; tool belts; and welders  
75 41 gloves and masks.

75 42 (4) "Sport or recreational equipment" means items  
75 43 designed for human use and worn in conjunction with an  
75 44 athletic or recreational activity that are not  
75 45 suitable for general use. "Sport or recreational  
75 46 equipment" includes, but is not limited to, the  
75 47 following: ballet and tap shoes; cleated or spiked  
75 48 athletic shoes; gloves (including, but not limited to,  
75 49 baseball, bowling, boxing, hockey, and golf); goggles;  
75 50 hand and elbow guards; life preservers and vests;  
76 1 mouth guards; roller and ice skates; shin guards;  
76 2 shoulder pads; ski boots; waders; and wetsuits and  
76 3 fins.

76 4 68. a. Subject to paragraph "b", the sales price  
76 5 from the sale or furnishing of metered gas,  
76 6 electricity, and fuel, including propane and heating  
76 7 oil, to residential customers which is used to provide  
76 8 energy for residential dwellings and units of  
76 9 apartment and condominium complexes used for human  
76 10 occupancy.

76 11 b. The exemption in this subsection shall be  
76 12 phased in by means of a reduction in the tax rate as  
76 13 follows:

76 14 (1) If the date of the utility billing or meter  
76 15 reading cycle of the residential customer for the sale  
76 16 or furnishing of metered gas and electricity is on or  
76 17 after January 1, 2002, through December 31, 2002, or  
76 18 if the sale or furnishing of fuel for purposes of  
76 19 residential energy and the delivery of the fuel occurs  
76 20 on or after January 1, 2002, through December 31,  
76 21 2002, the rate of tax is four percent of the sales  
76 22 price.

76 23 (2) If the date of the utility billing or meter  
76 24 reading cycle of the residential customer for the sale  
76 25 or furnishing of metered gas and electricity is on or  
76 26 after January 1, 2003, through June 30, 2008, or if  
76 27 the sale or furnishing of fuel for purposes of  
76 28 residential energy and the delivery of the fuel occurs  
76 29 on or after January 1, 2003, through June 30, 2008,  
76 30 the rate of tax is three percent of the sales price.

76 31 (3) If the date of the utility billing or meter  
76 32 reading cycle of the residential customer for the sale  
76 33 or furnishing of metered gas and electricity is on or  
76 34 after July 1, 2008, through June 30, 2009, or if the  
76 35 sale or furnishing of fuel for purposes of residential  
76 36 energy and the delivery of the fuel occurs on or after  
76 37 July 1, 2008, through June 30, 2009, the rate of tax  
76 38 is two percent of the sales price.

76 39 (4) If the date of the utility billing or meter  
76 40 reading cycle of the residential customer for the sale  
76 41 or furnishing of metered gas and electricity is on or  
76 42 after July 1, 2009, through June 30, 2010, or if the  
76 43 sale or furnishing of fuel for purposes of residential  
76 44 energy and the delivery of the fuel occurs on or after  
76 45 July 1, 2009, through June 30, 2010, the rate of tax  
76 46 is one percent of the sales price.

76 47 (5) If the date of the utility billing or meter  
76 48 reading cycle of the residential customer for the sale  
76 49 or furnishing of metered gas and electricity is on or  
76 50 after July 1, 2010, or if the sale, furnishing, or  
77 1 service of fuel for purposes of residential energy and

77 2 the delivery of the fuel occurs on or after July 1,  
77 3 2010, the rate of tax is zero percent of the sales  
77 4 price.

77 5 c. The exemption in this subsection does not apply  
77 6 to local option sales and services tax imposed  
77 7 pursuant to chapters 423B and 423E.

77 8 69. The sales price from charges paid for the  
77 9 delivery of electricity or natural gas if the sale or  
77 10 furnishing of the electricity or natural gas or its  
77 11 use is exempt from the tax on sales prices imposed  
77 12 under this subchapter or from the use tax imposed  
77 13 under subchapter III.

77 14 70. The sales price from the sales, furnishing, or  
77 15 service of transportation service except the rental of  
77 16 recreational vehicles or recreational boats, except  
77 17 the rental of motor vehicles subject to registration  
77 18 which are registered for a gross weight of thirteen  
77 19 tons or less for a period of sixty days or less, and  
77 20 except the rental of aircraft for a period of sixty  
77 21 days or less. This exemption does not apply to the  
77 22 transportation of electric energy or natural gas.

77 23 71. The sales price from sales of tangible  
77 24 personal property used or to be used as railroad  
77 25 rolling stock for transporting persons or property, or  
77 26 as materials or parts therefor.

77 27 72. The sales price from the sales of special fuel  
77 28 for diesel engines consumed or used in the operation  
77 29 of ships, barges, or waterborne vessels which are used  
77 30 primarily in or for the transportation of property or  
77 31 cargo, or the conveyance of persons for hire on rivers  
77 32 bordering on the state if the fuel is delivered by the  
77 33 seller to the purchaser's barge, ship, or waterborne  
77 34 vessel while it is afloat upon such a river.

77 35 73. The sales price from sales of vehicles subject  
77 36 to registration or subject only to the issuance of a  
77 37 certificate of title and sales of aircraft subject to  
77 38 registration under section 328.20.

77 39 74. The sales price from the sale of aircraft for  
77 40 use in a scheduled interstate federal aviation  
77 41 administration certificated air carrier operation.

77 42 75. The sales price from the sale or rental of  
77 43 aircraft; the sale or rental of tangible personal  
77 44 property permanently affixed or attached as a  
77 45 component part of the aircraft, including but not  
77 46 limited to repair or replacement materials or parts;  
77 47 and the sales price of all services used for aircraft  
77 48 repair, remodeling, and maintenance services when such  
77 49 services are performed on aircraft, aircraft engines,  
77 50 or aircraft component materials or parts. For the  
78 1 purposes of this exemption, "aircraft" means aircraft  
78 2 used in a scheduled interstate federal aviation  
78 3 administration certificated air carrier operation.

78 4 76. The sales price from the sale or rental of  
78 5 tangible personal property permanently affixed or  
78 6 attached as a component part of the aircraft,  
78 7 including but not limited to repair or replacement  
78 8 materials or parts; and the sales price of all  
78 9 services used for aircraft repair, remodeling, and  
78 10 maintenance services when such services are performed  
78 11 on aircraft, aircraft engines, or aircraft component  
78 12 materials or parts. For the purposes of this  
78 13 exemption, "aircraft" means aircraft used in  
78 14 nonscheduled interstate federal aviation  
78 15 administration certificated air carrier operation  
78 16 operating under 14 C.F.R. ch. 1, pt. 135.

78 17 77. The sales price from the sale of aircraft to  
78 18 an aircraft dealer who in turn rents or leases the  
78 19 aircraft if all of the following apply:

78 20 a. The aircraft is kept in the inventory of the  
78 21 dealer for sale at all times.

78 22 b. The dealer reserves the right to immediately  
78 23 take the aircraft from the renter or lessee when a  
78 24 buyer is found.

78 25 c. The renter or lessee is aware that the dealer  
78 26 will immediately take the aircraft when a buyer is  
78 27 found.

78 28 If an aircraft exempt under this subsection is used  
78 29 for any purpose other than leasing or renting, or the  
78 30 conditions in paragraphs "a", "b", and "c" are not  
78 31 continuously met, the dealer claiming the exemption  
78 32 under this subsection is liable for the tax that would



78 33 have been due except for this subsection. The tax  
78 34 shall be computed upon the original purchase price.  
78 35 78. The sales price from sales or rental of  
78 36 tangible personal property, or services rendered by  
78 37 any entity where the profits from the sales or rental  
78 38 of the tangible personal property, or services  
78 39 rendered are used by or donated to a nonprofit entity  
78 40 which is exempt from federal income taxation pursuant  
78 41 to section 501(c)(3) of the Internal Revenue Code, a  
78 42 government entity, or a nonprofit private educational  
78 43 institution, and where the entire proceeds from the  
78 44 sales, rental, or services are expended for any of the  
78 45 following purposes:  
78 46 a. Educational.  
78 47 b. Religious.  
78 48 c. Charitable. A charitable act is an act done  
78 49 out of goodwill, benevolence, and a desire to add to  
78 50 or to improve the good of humankind in general or any  
79 1 class or portion of humankind, with no pecuniary  
79 2 profit inuring to the person performing the service or  
79 3 giving the gift.  
79 4 This exemption does not apply to the sales price  
79 5 from games of skill, games of chance, raffles, and  
79 6 bingo games as defined in chapter 99B. This exemption  
79 7 is disallowed on the amount of the sales price only to  
79 8 the extent the profits from the sales, rental, or  
79 9 services are not used by or donated to the appropriate  
79 10 entity and expended for educational, religious, or  
79 11 charitable purposes.  
79 12 79. The sales price from the sale or rental of  
79 13 tangible personal property or from services furnished  
79 14 to a recognized community action agency as provided in  
79 15 section 216A.93 to be used for the purposes of the  
79 16 agency.  
79 17 80. a. For purposes of this subsection,  
79 18 "designated exempt entity" means an entity which is  
79 19 designated in section 423.4, subsection 1.  
79 20 b. If a contractor, subcontractor, or builder is  
79 21 to use building materials, supplies, and equipment in  
79 22 the performance of a construction contract with a  
79 23 designated exempt entity, the person shall purchase  
79 24 such items of tangible personal property without  
79 25 liability for the tax if such property will be used in  
79 26 the performance of the construction contract and a  
79 27 purchasing agent authorization letter and an exemption  
79 28 certificate, issued by the designated exempt entity,  
79 29 are presented to the retailer.  
79 30 c. Where the owner, contractor, subcontractor, or  
79 31 builder is also a retailer holding a retail sales tax  
79 32 permit and transacting retail sales of building  
79 33 materials, supplies, and equipment, the tax shall not  
79 34 be due when materials are withdrawn from inventory for  
79 35 use in construction performed for a designated exempt  
79 36 entity if an exemption certificate is received from  
79 37 such entity.  
79 38 d. Tax shall not apply to tangible personal  
79 39 property purchased and consumed by a manufacturer as  
79 40 building materials, supplies, or equipment in the  
79 41 performance of a construction contract for a  
79 42 designated exempt entity, if a purchasing agent  
79 43 authorization letter and an exemption certificate are  
79 44 received from such entity and presented to a retailer.  
79 45 81. The sales price from the sales of lottery  
79 46 tickets or shares pursuant to chapter 99G.  
79 47 82. The sales price from the sale or rental of  
79 48 core and mold making equipment and sand handling  
79 49 equipment directly and primarily used in the mold  
79 50 making process by a foundry.  
80 1 83. The sales price from noncustomer point of sale  
80 2 or noncustomer automated teller machine access or  
80 3 service charges assessed by a financial institution.  
80 4 For purposes of this subsection, "financial  
80 5 institution" means the same as defined in section  
80 6 527.2.  
80 7 Sec. 106. NEW SECTION. 423.4 REFUNDS.  
80 8 1. A private nonprofit educational institution in  
80 9 this state, nonprofit private museum in this state,  
80 10 tax-certifying or tax-levying body or governmental  
80 11 subdivision of the state, including the state board of  
80 12 regents, state department of human services, state  
80 13 department of transportation, a municipally owned

80 14 solid waste facility which sells all or part of its  
80 15 processed waste as fuel to a municipally owned public  
80 16 utility, and all divisions, boards, commissions,  
80 17 agencies, or instrumentalities of state, federal,  
80 18 county, or municipal government which do not have  
80 19 earnings going to the benefit of an equity investor or  
80 20 stockholder, may make application to the department  
80 21 for the refund of the sales or use tax upon the sales  
80 22 price of all sales of goods, wares, or merchandise, or  
80 23 from services furnished to a contractor, used in the  
80 24 fulfillment of a written contract with the state of  
80 25 Iowa, any political subdivision of the state, or a  
80 26 division, board, commission, agency, or  
80 27 instrumentality of the state or a political  
80 28 subdivision, a private nonprofit educational  
80 29 institution in this state, or a nonprofit private  
80 30 museum in this state if the property becomes an  
80 31 integral part of the project under contract and at the  
80 32 completion of the project becomes public property, is  
80 33 devoted to educational uses, or becomes a nonprofit  
80 34 private museum; except goods, wares, or merchandise,  
80 35 or services furnished which are used in the  
80 36 performance of any contract in connection with the  
80 37 operation of any municipal utility engaged in selling  
80 38 gas, electricity, or heat to the general public or in  
80 39 connection with the operation of a municipal pay  
80 40 television system; and except goods, wares, and  
80 41 merchandise used in the performance of a contract for  
80 42 a "project" under chapter 419 as defined in that  
80 43 chapter other than goods, wares, or merchandise used  
80 44 in the performance of a contract for a "project" under  
80 45 chapter 419 for which a bond issue was approved by a  
80 46 municipality prior to July 1, 1968, or for which the  
80 47 goods, wares, or merchandise becomes an integral part  
80 48 of the project under contract and at the completion of  
80 49 the project becomes public property or is devoted to  
80 50 educational uses.

81 1 a. Such contractor shall state under oath, on  
81 2 forms provided by the department, the amount of such  
81 3 sales of goods, wares, or merchandise, or services  
81 4 furnished and used in the performance of such  
81 5 contract, and upon which sales or use tax has been  
81 6 paid, and shall file such forms with the governmental  
81 7 unit, private nonprofit educational institution, or  
81 8 nonprofit private museum which has made any written  
81 9 contract for performance by the contractor. The forms  
81 10 shall be filed by the contractor with the governmental  
81 11 unit, educational institution, or nonprofit private  
81 12 museum before final settlement is made.

81 13 b. Such governmental unit, educational  
81 14 institution, or nonprofit private museum shall, not  
81 15 more than one year after the final settlement has been  
81 16 made, make application to the department for any  
81 17 refund of the amount of the sales or use tax which  
81 18 shall have been paid upon any goods, wares, or  
81 19 merchandise, or services furnished, the application to  
81 20 be made in the manner and upon forms to be provided by  
81 21 the department, and the department shall forthwith  
81 22 audit the claim and, if approved, issue a warrant to  
81 23 the governmental unit, educational institution, or  
81 24 nonprofit private museum in the amount of the sales or  
81 25 use tax which has been paid to the state of Iowa under  
81 26 the contract.

81 27 Refunds authorized under this subsection shall  
81 28 accrue interest at the rate in effect under section  
81 29 421.7 from the first day of the second calendar month  
81 30 following the date the refund claim is received by the  
81 31 department.

81 32 c. Any contractor who willfully makes a false  
81 33 report of tax paid under the provisions of this  
81 34 subsection is guilty of a simple misdemeanor and in  
81 35 addition shall be liable for the payment of the tax  
81 36 and any applicable penalty and interest.

81 37 2. The refund of sales and use tax paid on  
81 38 transportation construction projects let by the state  
81 39 department of transportation is subject to the special  
81 40 provisions of this subsection.

81 41 a. A contractor awarded a contract for a  
81 42 transportation construction project is considered the  
81 43 consumer of all building materials, building supplies,  
81 44 and equipment and shall pay sales tax to the supplier

81 45 or remit consumer use tax directly to the department.  
81 46 b. The contractor is not required to file  
81 47 information with the state department of  
81 48 transportation stating the amount of goods, wares, or  
81 49 merchandise, or services rendered, furnished, or  
81 50 performed and used in the performance of the contract  
82 1 or the amount of sales or use tax paid.  
82 2 c. The state department of transportation shall  
82 3 file a refund claim based on a formula that considers  
82 4 the following:  
82 5 (1) The quantity of material to complete the  
82 6 contract, and quantities of items of work.  
82 7 (2) The estimated cost of these materials included  
82 8 in the items of work, and the state sales or use tax  
82 9 to be paid on the tax rate in effect in section 423.2.  
82 10 The quantity of materials shall be determined after  
82 11 each letting based on the contract quantities of all  
82 12 items of work let to contract. The quantity of  
82 13 individual component materials required for each item  
82 14 shall be determined and maintained in a database. The  
82 15 total quantities of materials shall be determined by  
82 16 multiplying the quantities of component materials for  
82 17 each contract item of work by the total quantities of  
82 18 each contract item for each letting. Where variances  
82 19 exist in the cost of materials, the lowest cost shall  
82 20 be used as the base cost.  
82 21 d. Only the state sales or use tax is refundable.  
82 22 Local option taxes paid by the contractor are not  
82 23 refundable.  
82 24 3. A relief agency may apply to the director for  
82 25 refund of the amount of sales or use tax imposed and  
82 26 paid upon sales to it of any goods, wares,  
82 27 merchandise, or services furnished, used for free  
82 28 distribution to the poor and needy.  
82 29 a. The refunds may be obtained only in the  
82 30 following amounts and manner and only under the  
82 31 following conditions:  
82 32 (1) On forms furnished by the department, and  
82 33 filed within the time as the director shall provide by  
82 34 rule, the relief agency shall report to the department  
82 35 the total amount or amounts, valued in money, expended  
82 36 directly or indirectly for goods, wares, merchandise,  
82 37 or services furnished, used for free distribution to  
82 38 the poor and needy.  
82 39 (2) On these forms the relief agency shall  
82 40 separately list the persons making the sales to it or  
82 41 to its order, together with the dates of the sales,  
82 42 and the total amount so expended by the relief agency.  
82 43 (3) The relief agency must prove to the  
82 44 satisfaction of the director that the person making  
82 45 the sales has included the amount thereof in the  
82 46 computation of the sales price of such person and that  
82 47 such person has paid the tax levied by this subchapter  
82 48 or subchapter III, based upon such computation of the  
82 49 sales price.  
82 50 b. If satisfied that the foregoing conditions and  
83 1 requirements have been complied with, the director  
83 2 shall refund the amount claimed by the relief agency.

### 83 3 SUBCHAPTER III

#### 83 4 USE TAX

83 5 Sec. 107. NEW SECTION. 423.5 IMPOSITION OF TAX.

83 6 An excise tax at the rate of five percent of the  
83 7 purchase price or installed purchase price is imposed  
83 8 on the following:

83 9 1. The use in this state of tangible personal  
83 10 property as defined in section 423.1, including  
83 11 aircraft subject to registration under section 328.20,  
83 12 purchased for use in this state. For the purposes of  
83 13 this subchapter, the furnishing or use of the  
83 14 following services is also treated as the use of  
83 15 tangible personal property: optional service or  
83 16 warranty contracts, except residential service  
83 17 contracts regulated under chapter 523C, vulcanizing,  
83 18 recapping, or retreading services, engraving,  
83 19 photography, retouching, printing, or binding  
83 20 services, and communication service when furnished or  
83 21 delivered to consumers or users within this state.  
83 22 2. The use of manufactured housing in this state,  
83 23 on the purchase price if the manufactured housing is  
83 24 sold in the form of tangible personal property or on  
83 25 the installed purchase price if the manufactured

83 26 housing is sold in the form of realty.  
83 27 3. The use of leased vehicles, on the amount  
83 28 subject to tax as calculated pursuant to section  
83 29 423.27.  
83 30 4. Purchases of tangible personal property made  
83 31 from the government of the United States or any of its  
83 32 agencies by ultimate consumers shall be subject to the  
83 33 tax imposed by this section. Services purchased from  
83 34 the same source or sources shall be subject to the  
83 35 service tax imposed by this subchapter and apply to  
83 36 the user of the services.  
83 37 5. The use in this state of services enumerated in  
83 38 section 423.2. This tax is applicable where services  
83 39 are furnished in this state or where the product or  
83 40 result of the service is used in this state.  
83 41 6. The excise tax is imposed upon every person  
83 42 using the property within this state until the tax has  
83 43 been paid directly to the county treasurer, the state  
83 44 department of transportation, a retailer, or the  
83 45 department. This tax is imposed on every person using  
83 46 the services or the product of the services in this  
83 47 state until the user has paid the tax either to an  
83 48 Iowa use tax permit holder or to the department.  
83 49 7. For the purpose of the proper administration of  
83 50 the use tax and to prevent its evasion, evidence that  
84 1 tangible personal property was sold by any person for  
84 2 delivery in this state shall be prima facie evidence  
84 3 that such tangible personal property was sold for use  
84 4 in this state.  
84 5 Sec. 108. NEW SECTION. 423.6 EXEMPTIONS.  
84 6 The use in this state of the following tangible  
84 7 personal property and services is exempted from the  
84 8 tax imposed by this subchapter:  
84 9 1. Tangible personal property and enumerated  
84 10 services, the sales price from the sale of which are  
84 11 required to be included in the measure of the sales  
84 12 tax, if that tax has been paid to the department or  
84 13 the retailer. This exemption does not include  
84 14 vehicles subject to registration or subject only to  
84 15 the issuance of a certificate of title.  
84 16 2. The sale of tangible personal property or the  
84 17 furnishing of services in the regular course of  
84 18 business.  
84 19 3. Property used in processing. The use of  
84 20 property in processing within the meaning of this  
84 21 subsection shall mean and include any of the  
84 22 following:  
84 23 a. Any tangible personal property including  
84 24 containers which it is intended shall, by means of  
84 25 fabrication, compounding, manufacturing, or  
84 26 germination, become an integral part of other tangible  
84 27 personal property intended to be sold ultimately at  
84 28 retail, and containers used in the collection,  
84 29 recovery, or return of empty beverage containers  
84 30 subject to chapter 455C.  
84 31 b. Fuel which is consumed in creating power, heat,  
84 32 or steam for processing or for generating electric  
84 33 current.  
84 34 c. Chemicals, solvents, sorbents, or reagents,  
84 35 which are directly used and are consumed, dissipated,  
84 36 or depleted in processing tangible personal property  
84 37 which is intended to be sold ultimately at retail, and  
84 38 which may not become a component or integral part of  
84 39 the finished product.  
84 40 d. The distribution to the public of free  
84 41 newspapers or shoppers guides shall be deemed a retail  
84 42 sale for purposes of the processing exemption in this  
84 43 subsection.  
84 44 4. All articles of tangible personal property  
84 45 brought into the state of Iowa by a nonresident  
84 46 individual for the individual's use or enjoyment while  
84 47 within the state.  
84 48 5. Services exempt from taxation by the provisions  
84 49 of section 423.3.  
84 50 6. Tangible personal property or services the  
85 1 sales price of which is exempt from the sales tax  
85 2 under section 423.3, except subsections 39 and 73, as  
85 3 it relates to the sale, but not the lease or rental,  
85 4 of vehicles subject to registration or subject only to  
85 5 the issuance of a certificate of title and as it  
85 6 relates to aircraft subject to registration under

85 7 section 328.20.

85 8 7. Advertisement and promotional material and  
85 9 matter, seed catalogs, envelopes for same, and other  
85 10 similar material temporarily stored in this state  
85 11 which are acquired outside of Iowa and which,  
85 12 subsequent to being brought into this state, are sent  
85 13 outside of Iowa, either singly or physically attached  
85 14 to other tangible personal property sent outside of  
85 15 Iowa.

85 16 8. Vehicles, as defined in section 321.1,  
85 17 subsections 41, 64A, 71, 85, and 88, except such  
85 18 vehicles subject to registration which are designed  
85 19 primarily for carrying persons, when purchased for  
85 20 lease and actually leased to a lessee for use outside  
85 21 the state of Iowa and the subsequent sole use in Iowa  
85 22 is in interstate commerce or interstate  
85 23 transportation.

85 24 9. Tangible personal property which, by means of  
85 25 fabrication, compounding, or manufacturing, becomes an  
85 26 integral part of vehicles, as defined in section  
85 27 321.1, subsections 41, 64A, 71, 85, and 88,  
85 28 manufactured for lease and actually leased to a lessee  
85 29 for use outside the state of Iowa and the subsequent  
85 30 sole use in Iowa is in interstate commerce or  
85 31 interstate transportation. Vehicles subject to  
85 32 registration which are designed primarily for carrying  
85 33 persons are excluded from this subsection.

85 34 10. Vehicles subject to registration which are  
85 35 transferred from a business or individual conducting a  
85 36 business within this state as a sole proprietorship,  
85 37 partnership, or limited liability company to a  
85 38 corporation formed by the sole proprietorship,  
85 39 partnership, or limited liability company for the  
85 40 purpose of continuing the business when all of the  
85 41 stock of the corporation so formed is owned by the  
85 42 sole proprietor and the sole proprietor's spouse, by  
85 43 all the partners in the case of a partnership, or by  
85 44 all the members in the case of a limited liability  
85 45 company. This exemption is equally available where  
85 46 the vehicles subject to registration are transferred  
85 47 from a corporation to a sole proprietorship,  
85 48 partnership, or limited liability company formed by  
85 49 that corporation for the purpose of continuing the  
85 50 business when all of the incidents of ownership are  
86 1 owned by the same person or persons who were  
86 2 stockholders of the corporation.

86 3 This exemption also applies where the vehicles  
86 4 subject to registration are transferred from a  
86 5 corporation as part of the liquidation of the  
86 6 corporation to its stockholders if within three months  
86 7 of such transfer the stockholders retransfer those  
86 8 vehicles subject to registration to a sole  
86 9 proprietorship, partnership, or limited liability  
86 10 company for the purpose of continuing the business of  
86 11 the corporation when all of the incidents of ownership  
86 12 are owned by the same person or persons who were  
86 13 stockholders of the corporation.

86 14 10A. Vehicles subject to registration which are  
86 15 transferred from a corporation that is primarily  
86 16 engaged in the business of leasing vehicles subject to  
86 17 registration to a corporation that is primarily  
86 18 engaged in the business of leasing vehicles subject to  
86 19 registration when the transferor and transferee  
86 20 corporations are part of the same controlled group for  
86 21 federal income tax purposes.

86 22 11. Vehicles registered or operated under chapter  
86 23 326 and used substantially in interstate commerce,  
86 24 section 423.5, subsection 7, notwithstanding. For  
86 25 purposes of this subsection, "substantially in  
86 26 interstate commerce" means that a minimum of twenty=  
86 27 five percent of the miles operated by the vehicle  
86 28 accrues in states other than Iowa. This subsection  
86 29 applies only to vehicles which are registered for a  
86 30 gross weight of thirteen tons or more.

86 31 For purposes of this subsection, trailers and  
86 32 semitrailers registered or operated under chapter 326  
86 33 are deemed to be used substantially in interstate  
86 34 commerce and to be registered for a gross weight of  
86 35 thirteen tons or more.

86 36 For the purposes of this subsection, if a vehicle  
86 37 meets the requirement that twenty=five percent of the

86 38 miles operated accrues in states other than Iowa in  
86 39 each year of the first four-year period of operation,  
86 40 the exemption from use tax shall continue until the  
86 41 vehicle is sold or transferred. If the vehicle is  
86 42 found to have not met the exemption requirements or  
86 43 the exemption was revoked, the value of the vehicle  
86 44 upon which the use tax shall be imposed is the book or  
86 45 market value, whichever is less, at the time the  
86 46 exemption requirements were not met or the exemption  
86 47 was revoked.

86 48 12. Mobile homes and manufactured housing the use  
86 49 of which has previously been subject to the tax  
86 50 imposed under this subchapter and for which that tax  
87 1 has been paid.

87 2 13. Mobile homes to the extent of the portion of  
87 3 the purchase price of the mobile home which is not  
87 4 attributable to the cost of the tangible personal  
87 5 property used in the processing of the mobile home,  
87 6 and manufactured housing to the extent of the purchase  
87 7 price or the installed purchase price of the  
87 8 manufactured housing which is not attributable to the  
87 9 cost of the tangible personal property used in the  
87 10 processing of the manufactured housing. For purposes  
87 11 of this exemption, the portion of the purchase price  
87 12 which is not attributable to the cost of the tangible  
87 13 personal property used in the processing of the mobile  
87 14 home is forty percent and the portion of the purchase  
87 15 price or installed purchase price which is not  
87 16 attributable to the cost of the tangible personal  
87 17 property used in the processing of the manufactured  
87 18 housing is forty percent.

87 19 14. Tangible personal property used or to be used  
87 20 as a ship, barge, or waterborne vessel which is used  
87 21 or to be used primarily in or for the transportation  
87 22 of property or cargo for hire on the rivers bordering  
87 23 the state or as materials or parts of such ship,  
87 24 barge, or waterborne vessel.

87 25 15. Vehicles subject to registration in any state  
87 26 when purchased for rental or registered and titled by  
87 27 a motor vehicle dealer licensed pursuant to chapter  
87 28 322 for rental use, and held for rental for a period  
87 29 of one hundred twenty days or more and actually rented  
87 30 for periods of sixty days or less by a person  
87 31 regularly engaged in the business of renting vehicles  
87 32 including, but not limited to, motor vehicle dealers  
87 33 licensed pursuant to chapter 322 who rent automobiles  
87 34 to users, if the rental of the vehicles is subject to  
87 35 taxation under chapter 423C.

87 36 16. Motor vehicles subject to registration which  
87 37 were registered and titled between July 1, 1982, and  
87 38 July 1, 1992, to a motor vehicle dealer licensed under  
87 39 chapter 322 and which were rented to a user as defined  
87 40 in section 423C.2 if the following occurred:

87 41 a. The dealer kept the vehicle on the inventory of  
87 42 vehicles for sale at all times.

87 43 b. The vehicle was to be immediately taken from  
87 44 the user of the vehicle when a buyer was found.

87 45 c. The user was aware of this situation.

87 46 17. Vehicles subject to registration under chapter  
87 47 321, with a gross vehicle weight rating of less than  
87 48 sixteen thousand pounds, excluding motorcycles and  
87 49 motorized bicycles, when purchased for lease and  
87 50 titled by the lessor licensed pursuant to chapter 321F  
88 1 and actually leased for a period of twelve months or  
88 2 more if the lease of the vehicle is subject to  
88 3 taxation under section 423.27.

88 4 A lessor may maintain the exemption from use tax  
88 5 under this subsection for a qualifying lease that  
88 6 terminates at the conclusion or prior to the  
88 7 contracted expiration date, if the lessor does not use  
88 8 the vehicle for any purpose other than for lease.  
88 9 Once the vehicle is used by the lessor for a purpose  
88 10 other than for lease, the exemption from use tax under  
88 11 this subsection no longer applies and, unless there is  
88 12 an exemption from the use tax, use tax is due on the  
88 13 fair market value of the vehicle determined at the  
88 14 time the lessor uses the vehicle for a purpose other  
88 15 than for lease, payable to the department. If the  
88 16 lessor holds the vehicle exclusively for sale, use tax  
88 17 is due and payable on the purchase price of the  
88 18 vehicle at the time of purchase pursuant to this

88 19 subchapter.  
88 20 18. Aircraft for use in a scheduled interstate  
88 21 federal aviation administration certificated air  
88 22 carrier operation.  
88 23 19. Aircraft; tangible personal property  
88 24 permanently affixed or attached as a component part of  
88 25 the aircraft, including but not limited to repair or  
88 26 replacement materials or parts; and all services used  
88 27 for aircraft repair, remodeling, and maintenance  
88 28 services when such services are performed on aircraft,  
88 29 aircraft engines, or aircraft component materials or  
88 30 parts. For the purposes of this exemption, "aircraft"  
88 31 means aircraft used in a scheduled interstate federal  
88 32 aviation administration certificated air carrier  
88 33 operation.  
88 34 20. Tangible personal property permanently affixed  
88 35 or attached as a component part of the aircraft,  
88 36 including but not limited to repair or replacement  
88 37 materials or parts; and all services used for aircraft  
88 38 repair, remodeling, and maintenance services when such  
88 39 services are performed on aircraft, aircraft engines,  
88 40 or aircraft component materials or parts. For the  
88 41 purposes of this exemption, "aircraft" means aircraft  
88 42 used in a nonscheduled interstate federal aviation  
88 43 administration certificated air carrier operation  
88 44 operating under 14 C.F.R., ch. 1, pt. 135.  
88 45 21. Aircraft sold to an aircraft dealer who in  
88 46 turn rents or leases the aircraft if all of the  
88 47 following apply:  
88 48 a. The aircraft is kept in the inventory of the  
88 49 dealer for sale at all times.  
88 50 b. The dealer reserves the right to immediately  
89 1 take the aircraft from the renter or lessee when a  
89 2 buyer is found.  
89 3 c. The renter or lessee is aware that the dealer  
89 4 will immediately take the aircraft when a buyer is  
89 5 found.  
89 6 If an aircraft exempt under this subsection is used  
89 7 for any purpose other than leasing or renting, or the  
89 8 conditions in paragraphs "a", "b", and "c" are not  
89 9 continuously met, the dealer claiming the exemption  
89 10 under this subsection is liable for the tax that would  
89 11 have been due except for this subsection. The tax  
89 12 shall be computed upon the original purchase price.  
89 13 22. The use in this state of building materials,  
89 14 supplies, or equipment, the sale or use of which is  
89 15 not treated as a retail sale or a sale at retail under  
89 16 section 423.2, subsection 1.  
89 17 23. Exempted from the purchase price of any  
89 18 vehicle subject to registration is:  
89 19 a. The amount of any cash rebate which is provided  
89 20 by a motor vehicle manufacturer to the purchaser of  
89 21 the vehicle subject to registration so long as the  
89 22 rebate is applied to the purchase price of the  
89 23 vehicle.  
89 24 b. That in transactions, except those subject to  
89 25 paragraph "c", in which tangible personal property is  
89 26 traded toward the purchase price of other tangible  
89 27 personal property the purchase price is only that  
89 28 portion of the purchase price which is payable in  
89 29 money to the retailer if the following conditions are  
89 30 met:  
89 31 (1) The tangible personal property traded to the  
89 32 retailer is the type of property normally sold in the  
89 33 regular course of the retailer's business.  
89 34 (2) The tangible personal property traded to the  
89 35 retailer is intended by the retailer to be ultimately  
89 36 sold at retail or is intended to be used by the  
89 37 retailer or another in the remanufacturing of a like  
89 38 item.  
89 39 c. In a transaction between persons, neither of  
89 40 which is a retailer of vehicles subject to  
89 41 registration, in which a vehicle subject to  
89 42 registration is traded toward the purchase price of  
89 43 another vehicle subject to registration, the amount of  
89 44 the trade-in value allowed on the vehicle subject to  
89 45 registration traded.

89 46 SUBCHAPTER IV  
89 47 UNIFORM SALES AND USE TAX ADMINISTRATION ACT  
89 48 Sec. 109. NEW SECTION. 423.7 TITLE.  
89 49 This subchapter shall be known and may be cited as

89 50 the "Uniform Sales and Use Tax Administration Act".  
90 1 Sec. 110. NEW SECTION. 423.8 LEGISLATIVE FINDING  
90 2 AND INTENT.  
90 3 The general assembly finds that Iowa should enter  
90 4 into an agreement with one or more states to simplify  
90 5 and modernize sales and use tax administration in  
90 6 order to substantially reduce the burden of tax  
90 7 compliance for all sellers and for all types of  
90 8 commerce. It is the intent of the general assembly  
90 9 that entering into this agreement will lead to  
90 10 simplification and modernization of the sales and use  
90 11 tax law and not to the imposition of new taxes or an  
90 12 increase or decrease in the existing number of  
90 13 exemptions, unless such a result is unavoidable under  
90 14 the terms of the agreement.  
90 15 Sec. 111. NEW SECTION. 423.9 AUTHORITY TO ENTER  
90 16 AGREEMENT AND TO REPRESENT THE STATE.  
90 17 The director is authorized and directed to enter  
90 18 into the streamlined sales and use tax agreement with  
90 19 one or more states to simplify and modernize sales and  
90 20 use tax administration in order to substantially  
90 21 reduce the burden of tax compliance for all sellers  
90 22 and for all types of commerce.  
90 23 The director is further authorized to take other  
90 24 actions reasonably required to implement the  
90 25 provisions set forth in this chapter. Other actions  
90 26 authorized by this section include, but are not  
90 27 limited to, the adoption of rules and the joint  
90 28 procurement, with other member states, of goods and  
90 29 services in furtherance of the cooperative agreement.  
90 30 The director or the director's designee is  
90 31 authorized to be a member of the governing board  
90 32 established pursuant to the agreement and to represent  
90 33 Iowa before that body.  
90 34 Sec. 112. NEW SECTION. 423.10 RELATIONSHIP TO  
90 35 STATE LAW.  
90 36 Entry into the agreement by the director does not  
90 37 amend or modify any law of this state. Implementation  
90 38 of any condition of the agreement in this state,  
90 39 whether adopted before, at, or after membership of  
90 40 this state in the agreement, shall be by action of the  
90 41 general assembly.  
90 42 Sec. 113. NEW SECTION. 423.11 AGREEMENT  
90 43 REQUIREMENTS.  
90 44 The director shall not enter into the agreement  
90 45 unless the agreement requires each state to abide by  
90 46 the following requirements:  
90 47 1. UNIFORM STATE RATE. The agreement must set  
90 48 restrictions to achieve more uniform state rates  
90 49 through the following:  
90 50 a. Limiting the number of state rates.  
91 1 b. Limiting the application of maximums on the  
91 2 amount of state tax that is due on a transaction.  
91 3 c. Limiting the application of thresholds on the  
91 4 application of state tax.  
91 5 2. UNIFORM STANDARDS. The agreement must  
91 6 establish uniform standards for the following:  
91 7 a. The sourcing of transactions to taxing  
91 8 jurisdictions.  
91 9 b. The administration of exempt sales.  
91 10 c. The allowances a seller can take for bad debts.  
91 11 d. Sales and use tax returns and remittances.  
91 12 3. UNIFORM DEFINITIONS. The agreement must  
91 13 require states to develop and adopt uniform  
91 14 definitions of sales and use tax terms. The  
91 15 definitions must enable a state to preserve its  
91 16 ability to make policy choices not inconsistent with  
91 17 the uniform definitions.  
91 18 4. CENTRAL REGISTRATION. The agreement must  
91 19 provide a central, electronic registration system that  
91 20 allows a seller to register to collect and remit sales  
91 21 and use taxes for all member states.  
91 22 5. NO NEXUS ATTRIBUTION. The agreement must  
91 23 provide that registration with the central  
91 24 registration system and the collection of sales and  
91 25 use taxes in the member states must not be used as a  
91 26 factor in determining whether the seller has nexus  
91 27 with a state for any tax.  
91 28 6. LOCAL SALES AND USE TAXES. The agreement must  
91 29 provide for reduction of the burdens of complying with  
91 30 local sales and use taxes through the following:



91 31 a. Restricting variances between the state and  
91 32 local tax bases.

91 33 b. Requiring states to administer any sales and  
91 34 use taxes levied by local jurisdictions within the  
91 35 state so that sellers collecting and remitting these  
91 36 taxes must not have to register or file returns with,  
91 37 remit funds to, or be subject to independent audits  
91 38 from local taxing jurisdictions.

91 39 c. Restricting the frequency of changes in the  
91 40 local sales and use tax rates and setting effective  
91 41 dates for the application of local jurisdictional  
91 42 boundary changes to local sales and use taxes.

91 43 d. Providing notice of changes in local sales and  
91 44 use tax rates and of changes in the boundaries of  
91 45 local taxing jurisdictions.

91 46 7. MONETARY ALLOWANCES. The agreement must  
91 47 outline any monetary allowances that are to be  
91 48 provided by the states to sellers or certified service  
91 49 providers.

91 50 8. STATE COMPLIANCE. The agreement must require  
92 1 each state to certify compliance with the terms of the  
92 2 agreement prior to joining and to maintain compliance,  
92 3 under the laws of the member state, with all  
92 4 provisions of the agreement while a member.

92 5 9. CONSUMER PRIVACY. The agreement must require  
92 6 each state to adopt a uniform policy for certified  
92 7 service providers that protects the privacy of  
92 8 consumers and maintains the confidentiality of tax  
92 9 information.

92 10 10. ADVISORY COUNCILS. The agreement must provide  
92 11 for the appointment of an advisory council of private  
92 12 sector representatives and an advisory council of  
92 13 nonmember state representatives to consult with in the  
92 14 administration of the agreement.

92 15 Sec. 114. NEW SECTION. 423.12 LIMITED BINDING  
92 16 AND BENEFICIAL EFFECT.

92 17 1. The agreement binds and inures only to the  
92 18 benefit of Iowa and the other member states. A  
92 19 person, other than a member state, is not an intended  
92 20 beneficiary of the agreement. Any benefit to a person  
92 21 other than a member state is established by the law of  
92 22 Iowa and not by the terms of the agreement.

92 23 2. A person shall not have any cause of action or  
92 24 defense under the agreement or by virtue of this  
92 25 state's entry into the agreement. A person may not  
92 26 challenge, in any action brought under any provision  
92 27 of law, any action or inaction by any department,  
92 28 agency, or other instrumentality of this state, or any  
92 29 political subdivision of this state on the ground that  
92 30 the action or inaction is inconsistent with the  
92 31 agreement.

92 32 3. A law of this state, or the application of it,  
92 33 shall not be declared invalid as to any such person or  
92 34 circumstance on the ground that the provision or  
92 35 application is inconsistent with the agreement.

92 36 SUBCHAPTER V

92 37 SALES AND USE TAX ACT == ADMINISTRATION OF  
92 38 RETAILERS NOT REGISTERED UNDER THE AGREEMENT AND OF  
92 39 CONSUMERS OBLIGATED TO PAY USE TAX DIRECTLY

92 40 Sec. 115. NEW SECTION. 423.13 PURPOSE OF THIS  
92 41 SUBCHAPTER.

92 42 The purpose of this subchapter is to provide for  
92 43 the administration and collection of sales or use tax  
92 44 on the part of retailers who are not registered under  
92 45 the agreement and for the collection of use tax on the  
92 46 part of consumers who are obligated to pay that tax  
92 47 directly. Any application of the sections of this  
92 48 subchapter to retailers registered under the agreement  
92 49 is only by way of incorporation by reference into  
92 50 subchapter VI of this chapter.

93 1 Sec. 116. NEW SECTION. 423.14 SALES AND USE TAX  
93 2 COLLECTION.

93 3 1. a. Sales tax, other than that described in  
93 4 paragraph "c", shall be collected by sellers who are  
93 5 retailers or by their agents. Sellers or their agents  
93 6 shall, as far as practicable, add the sales tax, or  
93 7 the average equivalent thereof, to the sales price or  
93 8 charge, less trade-ins allowed and taken and when  
93 9 added such tax shall constitute a part of the sales  
93 10 price or charge, shall be a debt from consumer or user  
93 11 to seller or agent until paid, and shall be

93 12 recoverable at law in the same manner as other debts.  
93 13     b. In computing the tax to be collected as the  
93 14 result of any transaction, the tax computation must be  
93 15 carried to the third decimal place. Whenever the  
93 16 third decimal place is greater than four, the tax must  
93 17 be rounded up to the next whole cent; whenever the  
93 18 third decimal place is four or less, the tax must be  
93 19 rounded downward to a whole cent. Sellers may elect  
93 20 to compute the tax due on transactions on an item or  
93 21 invoice basis. Sellers are not required to use a  
93 22 bracket system.  
93 23     c. The tax imposed upon those sales of motor  
93 24 vehicle fuel which are subject to tax and refund under  
93 25 chapter 452A shall be collected by the state treasurer  
93 26 by way of deduction from refunds otherwise allowable  
93 27 under that chapter. The treasurer shall transfer the  
93 28 amount of such deductions from the motor vehicle fuel  
93 29 tax fund to the special tax fund.  
93 30     2. Use tax shall be collected in the following  
93 31 manner:  
93 32     a. The tax upon the use of all vehicles subject to  
93 33 registration or subject only to the issuance of a  
93 34 certificate of title or the tax upon the use of  
93 35 manufactured housing shall be collected by the county  
93 36 treasurer or the state department of transportation  
93 37 pursuant to sections 423.26 and 423.27. The county  
93 38 treasurer shall retain one dollar from each tax  
93 39 payment collected, to be credited to the county  
93 40 general fund.  
93 41     b. The tax upon the use of all tangible personal  
93 42 property other than that enumerated in paragraph "a",  
93 43 which is sold by a seller who is a retailer  
93 44 maintaining a place of business in this state, or by  
93 45 such other retailer or agent as the director shall  
93 46 authorize pursuant to section 423.30, shall be  
93 47 collected by the retailer or agent and remitted to the  
93 48 department, pursuant to the provisions of paragraph  
93 49 "e", and sections 423.24, 423.29, 423.30, 423.32, and  
93 50 423.33.  
94 1     c. The tax upon the use of all tangible personal  
94 2 property not paid pursuant to paragraphs "a" and "b"  
94 3 shall be paid to the department directly by any person  
94 4 using the property within this state, pursuant to the  
94 5 provisions of section 423.34.  
94 6     d. The tax imposed on the use of services  
94 7 enumerated in section 423.5 shall be collected,  
94 8 remitted, and paid to the department of revenue and  
94 9 finance in the same manner as use tax on tangible  
94 10 personal property is collected, remitted, and paid  
94 11 under this subchapter.  
94 12     e. All persons obligated by paragraph "a", "b", or  
94 13 "d", to collect use tax shall, as far as practicable,  
94 14 add that tax, or the average equivalent thereof, to  
94 15 the purchase price, less trade-ins allowed and taken,  
94 16 and when added the tax shall constitute a part of the  
94 17 purchase price. Use tax which this section requires  
94 18 to be collected by a retailer and any tax collected  
94 19 pursuant to this section by a retailer shall  
94 20 constitute a debt owed by the retailer to this state.  
94 21 Tax which must be paid directly to the department,  
94 22 pursuant to paragraph "c" or "d", is to be computed  
94 23 and added by the consumer or user to the purchase  
94 24 price in the same manner as this paragraph requires a  
94 25 seller to compute and add the tax. The tax shall be a  
94 26 debt from the consumer or user to the department until  
94 27 paid, and shall be recoverable at law in the same  
94 28 manner as other debts.  
94 29     Sec. 117. NEW SECTION. 423.15 GENERAL SOURCING  
94 30 RULES.  
94 31     All sellers obligated to collect Iowa sales or use  
94 32 tax shall use the standards set out in this section to  
94 33 determine where sales of products occur, excluding  
94 34 sales enumerated in section 423.16. These provisions  
94 35 apply regardless of the characterization of a product  
94 36 as tangible personal property, a digital good, or a  
94 37 service, excluding telecommunications services. This  
94 38 section only applies to determine a seller's  
94 39 obligation to pay or collect and remit a sales or use  
94 40 tax with respect to the seller's sale of a product.  
94 41 This section does not affect the obligation of a  
94 42 purchaser or lessee to remit tax on the use of the

94 43 product to the taxing jurisdictions in which the use  
94 44 occurs. A seller's obligation to collect Iowa sales  
94 45 tax or Iowa use tax only occurs if the sale is sourced  
94 46 to this state. The application of whether Iowa sales  
94 47 tax applies to sales sourced to Iowa depends upon  
94 48 where the sale is consummated by delivery.

94 49 1. Sales, excluding leases or rentals other than  
94 50 leases or rentals set out in subsection 2, of products  
95 1 shall be sourced as follows.

95 2 a. When the product is received by the purchaser  
95 3 at a business location of the seller, the sale is  
95 4 sourced to that business location.

95 5 b. When the product is not received by the  
95 6 purchaser at a business location of the seller, the  
95 7 sale is sourced to the location where receipt by the  
95 8 purchaser or the purchaser's donee, designated as such  
95 9 by the purchaser, occurs, including the location  
95 10 indicated by instructions for delivery to the  
95 11 purchaser or donee, known to the seller.

95 12 c. When paragraphs "a" and "b" do not apply, the  
95 13 sale is sourced to the location indicated by an  
95 14 address for the purchaser that is available from the  
95 15 business records of the seller that are maintained in  
95 16 the ordinary course of the seller's business when use  
95 17 of this address does not constitute bad faith.

95 18 d. When paragraphs "a", "b", and "c" do not apply,  
95 19 the sale is sourced to the location indicated by an  
95 20 address for the purchaser obtained during the  
95 21 consummation of the sale, including the address of a  
95 22 purchaser's payment instrument, if no other address is  
95 23 available, when use of this address does not  
95 24 constitute bad faith.

95 25 e. When paragraphs "a", "b", "c", and "d" do not  
95 26 apply, including the circumstance where the seller is  
95 27 without sufficient information to apply the previous  
95 28 rules, then the location will be determined by the  
95 29 address from which tangible personal property was  
95 30 shipped, from which the digital good or the computer  
95 31 software delivered electronically was first available  
95 32 for transmission by the seller, or from which the  
95 33 service was provided disregarding for these purposes  
95 34 any location that merely provided the digital transfer  
95 35 of the product sold.

95 36 2. The lease or rental of tangible personal  
95 37 property, other than property identified in subsection  
95 38 3 or section 423.16, shall be sourced as follows:

95 39 a. For a lease or rental that requires recurring  
95 40 periodic payments, the first periodic payment is  
95 41 sourced the same as a retail sale in accordance with  
95 42 the provisions of subsection 1. Periodic payments  
95 43 made subsequent to the first payment are sourced to  
95 44 the primary property location for each period covered  
95 45 by the payment. The primary property location shall  
95 46 be as indicated by an address for the property  
95 47 provided by the lessee that is available to the lessor  
95 48 from its records maintained in the ordinary course of  
95 49 business, when use of this address does not constitute  
95 50 bad faith. The property location shall not be altered  
96 1 by intermittent use at different locations, such as  
96 2 use of business property that accompanies employees on  
96 3 business trips and service calls.

96 4 b. For a lease or rental that does not require  
96 5 recurring periodic payments, the payment is sourced  
96 6 the same as a retail sale in accordance with the  
96 7 provisions of subsection 1.

96 8 c. This subsection does not affect the imposition  
96 9 or computation of sales or use tax on leases or  
96 10 rentals based on a lump sum or accelerated basis, or  
96 11 on the acquisition of property for lease.

96 12 3. The retail sale, including lease or rental, of  
96 13 transportation equipment shall be sourced the same as  
96 14 a retail sale in accordance with the provisions of  
96 15 subsection 1, notwithstanding the exclusion of lease  
96 16 or rental in that subsection. "Transportation  
96 17 equipment" means any of the following:

96 18 a. Locomotives or railcars that are utilized for  
96 19 the carriage of persons or property in interstate  
96 20 commerce.

96 21 b. Trucks and truck=tractors with a gross vehicle  
96 22 weight rating of ten thousand one pounds or greater,  
96 23 trailers, semitrailers, or passenger buses that meet

96 24 both of the following requirements:

96 25 (1) Are registered through the international

96 26 registration plan.

96 27 (2) Are operated under authority of a carrier

96 28 authorized and certificated by the United States

96 29 department of transportation or another federal

96 30 authority to engage in the carriage of persons or

96 31 property in interstate commerce.

96 32 c. Aircraft that are operated by air carriers

96 33 authorized and certificated by the United States

96 34 department of transportation or another federal or a

96 35 foreign authority to engage in the carriage of persons

96 36 or property in interstate or foreign commerce.

96 37 d. Containers designed for use on and component

96 38 parts attached or secured on the items set forth in

96 39 paragraphs "a" through "c".

96 40 Sec. 118. NEW SECTION. 423.16 TRANSACTIONS TO

96 41 WHICH THE GENERAL SOURCING RULES DO NOT APPLY.

96 42 Section 423.15 does not apply to sales or use taxes

96 43 levied on the following:

96 44 1. The retail sale or transfer of watercraft,

96 45 modular homes, manufactured housing, or mobile homes,

96 46 and the retail sale, excluding lease or rental, of

96 47 motor vehicles, trailers, semitrailers, or aircraft

96 48 that do not qualify as transportation equipment, as

96 49 defined in section 423.15, subsection 3.

96 50 2. The lease or rental of motor vehicles,

97 1 trailers, semitrailers, or aircraft that do not

97 2 qualify as transportation equipment, as defined in

97 3 section 423.15, subsection 3, which shall be sourced

97 4 in accordance with section 423.17.

97 5 3. Transactions to which the multiple points use

97 6 exemption is applicable, which shall be sourced in

97 7 accordance with section 423.18.

97 8 4. Transactions to which direct mail sourcing is

97 9 applicable, which shall be sourced in accordance with

97 10 section 423.19.

97 11 5. Telecommunications services, as set out in

97 12 section 423.20, which shall be sourced in accordance

97 13 with section 423.20, subsection 2.

97 14 Sec. 119. NEW SECTION. 423.17 SOURCING RULES FOR

97 15 VARIOUS TYPES OF LEASED OR RENTED EQUIPMENT WHICH IS

97 16 NOT TRANSPORTATION EQUIPMENT.

97 17 The lease or rental of motor vehicles, trailers,

97 18 semitrailers, or aircraft that do not qualify as

97 19 transportation equipment, as defined in section

97 20 423.15, subsection 3, shall be sourced as follows:

97 21 1. For a lease or rental that requires recurring

97 22 periodic payments, each periodic payment is sourced to

97 23 the primary property location. The primary property

97 24 location shall be as indicated by an address for the

97 25 property provided by the lessee that is available to

97 26 the lessor from its records maintained in the ordinary

97 27 course of business, when use of this address does not

97 28 constitute bad faith. This location shall not be

97 29 altered by intermittent use at different locations.

97 30 2. For a lease or rental that does not require

97 31 recurring periodic payments, the payment is sourced

97 32 the same as a retail sale in accordance with the

97 33 provisions of section 423.15, subsection 1.

97 34 3. This section does not affect the imposition or

97 35 computation of sales or use tax on leases or rentals

97 36 based on a lump sum or accelerated basis, or on the

97 37 acquisition of property for lease.

97 38 Sec. 120. NEW SECTION. 423.18 MULTIPLE POINTS OF

97 39 USE EXEMPTION FORMS.

97 40 A business purchaser that is not a holder of a

97 41 direct pay tax permit pursuant to section 423.36 that

97 42 knows at the time of its purchase of a digital good,

97 43 computer software delivered electronically, or a

97 44 service that the digital good, computer software

97 45 delivered electronically, or service will be

97 46 concurrently available for use in more than one

97 47 jurisdiction shall deliver to the seller in

97 48 conjunction with its purchase a "multiple points of

97 49 use" or "MPU" exemption form disclosing this fact.

97 50 1. Upon receipt of the MPU exemption form, the

98 1 seller is relieved of all obligation to collect, pay,

98 2 or remit the applicable tax and the purchaser shall be

98 3 obligated to collect, pay, or remit the applicable tax

98 4 on a direct pay basis.

98 5 2. A purchaser delivering the MPU exemption form  
98 6 may use any reasonable, but consistent and uniform,  
98 7 method of apportionment that is supported by the  
98 8 purchaser's business records as they exist at the time  
98 9 of the consummation of the sale.  
98 10 3. The MPU exemption form will remain in effect  
98 11 for all future sales by the seller to the purchaser  
98 12 except as to the subsequent sale's specific  
98 13 apportionment that is governed by the principle of  
98 14 subsection 2 and the facts existing at the time of the  
98 15 sale until it is revoked in writing.  
98 16 4. A holder of a direct pay tax permit under  
98 17 section 423.36 shall not be required to deliver an MPU  
98 18 exemption form to the seller. A direct pay tax permit  
98 19 holder shall follow the provisions of subsection 2 in  
98 20 apportioning the tax due on a digital good, computer  
98 21 software delivered electronically, or service that  
98 22 will be concurrently available for use in more than  
98 23 one jurisdiction.  
98 24 Sec. 121. NEW SECTION. 423.19 DIRECT MAIL  
98 25 SOURCING.  
98 26 1. Notwithstanding section 423.15, a purchaser of  
98 27 direct mail that is not a holder of a direct pay tax  
98 28 permit pursuant to section 423.36 shall provide to the  
98 29 seller in conjunction with the purchase either a  
98 30 direct mail form or information to show the  
98 31 jurisdictions to which the direct mail is delivered to  
98 32 recipients.  
98 33 a. Upon receipt of the direct mail form, the  
98 34 seller is relieved of all obligations to collect, pay,  
98 35 or remit the applicable tax and the purchaser is  
98 36 obligated to pay or remit the applicable tax on a  
98 37 direct pay basis. A direct mail form shall remain in  
98 38 effect for all future sales of direct mail by the  
98 39 seller to the purchaser until it is revoked in  
98 40 writing.  
98 41 b. Upon receipt of information from the purchaser  
98 42 showing the jurisdictions to which the direct mail is  
98 43 delivered to recipients, the seller shall collect the  
98 44 tax according to the delivery information provided by  
98 45 the purchaser. In the absence of bad faith, the  
98 46 seller is relieved of any further obligation to  
98 47 collect tax on any transaction where the seller has  
98 48 collected tax pursuant to the delivery information  
98 49 provided by the purchaser.  
98 50 2. If the purchaser of direct mail does not have a  
99 1 direct pay tax permit and does not provide the seller  
99 2 with either a direct mail form or delivery  
99 3 information, as required by subsection 1, the seller  
99 4 shall collect the tax according to section 423.15,  
99 5 subsection 1, paragraph "e". Nothing in this  
99 6 subsection shall limit a purchaser's obligation for  
99 7 sales or use tax to any state to which the direct mail  
99 8 is delivered.  
99 9 3. If a purchaser of direct mail provides the  
99 10 seller with documentation of direct pay authority, the  
99 11 purchaser shall not be required to provide a direct  
99 12 mail form or delivery information to the seller.  
99 13 Sec. 122. NEW SECTION. 423.20 TELECOMMUNICATIONS  
99 14 SERVICE SOURCING.  
99 15 1. As used in this section:  
99 16 a. "Air-to-ground radiotelephone service" means a  
99 17 radio service, as that term is used in 47 C.F.R. }  
99 18 22.99, in which common carriers are authorized to  
99 19 offer and provide radio telecommunications service for  
99 20 hire to subscribers in aircraft.  
99 21 b. "Call-by-call basis" means any method of  
99 22 charging for the telecommunications service where the  
99 23 price is measured by individual calls.  
99 24 c. "Communications channel" means a physical or  
99 25 virtual path of communications over which signals are  
99 26 transmitted between or among customer channel  
99 27 termination points.  
99 28 d. "Customer" means the person or entity that  
99 29 contracts with the seller of the telecommunications  
99 30 service. If the end user of the telecommunications  
99 31 service is not the contracting party, the end user of  
99 32 the telecommunications service is the customer of the  
99 33 telecommunications service, but this sentence only  
99 34 applies for the purpose of sourcing sales of the  
99 35 telecommunications service under this section.

99 36 "Customer" does not include a reseller of a  
99 37 telecommunications service or for mobile  
99 38 telecommunications service of a serving carrier under  
99 39 an agreement to serve the customer outside the home  
99 40 service provider's licensed service area.  
99 41 e. "Customer channel termination point" means the  
99 42 location where the customer either inputs or receives  
99 43 the communications.  
99 44 f. "End user" means the person who utilizes the  
99 45 telecommunications service. In the case of an entity,  
99 46 "end user" means the individual who utilizes the  
99 47 service on behalf of the entity.  
99 48 g. "Home service provider" means the same as that  
99 49 term is defined in the federal Mobile  
99 50 Telecommunications Sourcing Act, Pub. L. No. 106=252,  
100 1 4 U.S.C. } 124(5).  
100 2 h. "Mobile telecommunications service" means the  
100 3 same as that term is defined in federal Mobile  
100 4 Telecommunications Sourcing Act, Pub. L. No. 106=252,  
100 5 4 U.S.C. } 124(7).  
100 6 i. "Place of primary use" means the street address  
100 7 representative of where the customer's use of the  
100 8 telecommunications service primarily occurs, which  
100 9 must be the residential street address or the primary  
100 10 business street address of the customer. In the case  
100 11 of mobile telecommunications service, "place of  
100 12 primary use" must be within the licensed service area  
100 13 of the home service provider.  
100 14 j. "Postpaid calling service" means the  
100 15 telecommunications service obtained by making a  
100 16 payment on a call-by-call basis either through the use  
100 17 of a credit card or payment mechanism such as a bank  
100 18 card, travel card, credit card, or debit card, or by  
100 19 charge made to a telephone number which is not  
100 20 associated with the origination or termination of the  
100 21 telecommunications service. A "postpaid calling  
100 22 service" includes a telecommunications service that  
100 23 would be a prepaid calling service except it is not  
100 24 exclusively a telecommunications service.  
100 25 k. "Prepaid calling service" means the right to  
100 26 access exclusively telecommunications services, which  
100 27 must be paid for in advance and which enables the  
100 28 origination of calls using an access number or  
100 29 authorization code, whether manually or electronically  
100 30 dialed, and that is sold in predetermined units or  
100 31 dollars of which the amount declines with use in a  
100 32 known amount.  
100 33 l. "Private communication service" means a  
100 34 telecommunications service that entitles the customer  
100 35 to exclusive or priority use of a communications  
100 36 channel or group of channels between or among  
100 37 termination points, regardless of the manner in which  
100 38 such channel or channels are connected, and includes  
100 39 switching capacity, extension lines, stations, and any  
100 40 other associated services that are provided in  
100 41 connection with the use of such channel or channels.  
100 42 m. "Service address" means one of the following:  
100 43 (1) The location of the telecommunications  
100 44 equipment to which a customer's call is charged and  
100 45 from which the call originates or terminates,  
100 46 regardless of where the call is billed or paid.  
100 47 (2) If the location in subparagraph (1) is not  
100 48 known, "service address" means the origination point  
100 49 of the signal of the telecommunications service first  
100 50 identified by either the seller's telecommunications  
101 1 system or in information received by the seller from  
101 2 its service provider, where the system used to  
101 3 transport such signals is not that of the seller.  
101 4 (3) If the locations in subparagraphs (1) and (2)  
101 5 are not known, the "service address" means the  
101 6 location of the customer's place of primary use.  
101 7 2. Sales of telecommunications services shall be  
101 8 sourced in the following manner:  
101 9 a. Except for the defined telecommunications  
101 10 services in paragraph "c", the sale of  
101 11 telecommunications services sold on a call-by-call  
101 12 basis shall be sourced to one of the following:  
101 13 (1) Each level of taxing jurisdiction where the  
101 14 call originates and terminates in that jurisdiction.  
101 15 (2) Each level of taxing jurisdiction where the  
101 16 call either originates or terminates and in which the

101 17 service address is also located.  
101 18 b. Except for the defined telecommunications  
101 19 services in paragraph "c", a sale of  
101 20 telecommunications services sold on a basis other than  
101 21 a call-by-call basis is sourced to the customer's  
101 22 place of primary use.  
101 23 c. Sale of the following telecommunications  
101 24 services shall be sourced to each level of taxing  
101 25 jurisdiction as follows:  
101 26 (1) A sale of mobile telecommunications services  
101 27 other than air-to-ground radiotelephone service or  
101 28 prepaid calling service is sourced to the customer's  
101 29 place of primary use as required by the federal Mobile  
101 30 Telecommunications Sourcing Act.  
101 31 (2) A sale of postpaid calling service is sourced  
101 32 to the origination point of the telecommunications  
101 33 signal as first identified by either of the following:  
101 34 (a) The seller's telecommunications system.  
101 35 (b) Information received by the seller from its  
101 36 service provider, where the system used to transport  
101 37 such signals is not that of the seller.  
101 38 (3) A sale of prepaid calling service is sourced  
101 39 in accordance with section 423.15. However, in the  
101 40 case of a sale of mobile telecommunications services  
101 41 that is a prepaid telecommunications service, the rule  
101 42 provided in section 423.15, subsection 1, paragraph  
101 43 "e", shall include as an option the location  
101 44 associated with the mobile telephone number.  
101 45 (4) A sale of a private telecommunications service  
101 46 is sourced as follows:  
101 47 (a) Service for a separate charge related to a  
101 48 customer channel termination point is sourced to each  
101 49 level of jurisdiction in which such customer channel  
101 50 termination point is located.  
102 1 (b) Service where all customer termination points  
102 2 are located entirely within one jurisdiction or level  
102 3 of jurisdiction is sourced in such jurisdiction in  
102 4 which the customer channel termination points are  
102 5 located.  
102 6 (c) Service for segments of a channel between two  
102 7 customer channel termination points located in  
102 8 different jurisdictions and which segments of a  
102 9 channel are separately charged is sourced fifty  
102 10 percent in each level of jurisdiction in which the  
102 11 customer channel termination points are located.  
102 12 (d) Service for segments of a channel located in  
102 13 more than one jurisdiction or levels of jurisdiction  
102 14 and which segments are not separately billed is  
102 15 sourced in each jurisdiction based on the percentage  
102 16 determined by dividing the number of customer channel  
102 17 termination points in such jurisdiction by the total  
102 18 number of customer channel termination points.  
102 19 Sec. 123. NEW SECTION. 423.21 BAD DEBT  
102 20 DEDUCTIONS.  
102 21 1. For the purposes of this section, "bad debt"  
102 22 means an amount properly calculated pursuant to  
102 23 section 166 of the Internal Revenue Code then adjusted  
102 24 to exclude financing charges or interest, sales or use  
102 25 taxes charged on the purchase price, uncollectible  
102 26 amounts on property that remain in the possession of  
102 27 the seller until the full purchase price is paid,  
102 28 expenses incurred in attempting to collect any debt,  
102 29 and repossessed property.  
102 30 2. In computing the amount of tax due, a seller  
102 31 may deduct bad debts from the total amount upon which  
102 32 the tax is calculated for any return. Any deduction  
102 33 taken or refund paid which is attributed to bad debts  
102 34 shall not include interest.  
102 35 3. A seller may deduct bad debts on the return for  
102 36 the period during which the bad debt is written off as  
102 37 uncollectible in the seller's books and records and is  
102 38 eligible to be deducted for federal income tax  
102 39 purposes. For purposes of this subsection, a seller  
102 40 who is not required to file federal income tax returns  
102 41 may deduct a bad debt on a return filed for the period  
102 42 in which the bad debt is written off as uncollectible  
102 43 in the seller's books and records and would be  
102 44 eligible for a bad debt deduction for federal income  
102 45 tax purposes if the seller were required to file a  
102 46 federal income tax return.  
102 47 4. If a deduction is taken for a bad debt and the

102 48 seller subsequently collects the debt in whole or in  
102 49 part, the tax on the amount so collected must be paid  
102 50 and reported on the return filed for the period in  
103 1 which the collection is made.

103 2 5. A seller may obtain a refund of tax on any  
103 3 amount of bad debt that exceeds the amount of taxable  
103 4 sales within the period allowed for refund claims by  
103 5 section 423.47. However, the period allowed for  
103 6 refund claims shall be measured from the due date of  
103 7 the return on which the bad debt could first be  
103 8 claimed.

103 9 6. For the purposes of computing a bad debt  
103 10 deduction or reporting a payment received on a  
103 11 previously claimed bad debt, any payments made on a  
103 12 debt or account shall be applied first to the price of  
103 13 the property or service and tax thereon,  
103 14 proportionally, and secondly to interest, service  
103 15 charges, and any other charges.

103 16 Sec. 124. NEW SECTION. 423.22 TAXATION IN  
103 17 ANOTHER STATE.

103 18 If any person who causes tangible personal property  
103 19 to be brought into this state or who uses in this  
103 20 state services enumerated in section 423.2 has already  
103 21 paid a tax in another state in respect to the sale or  
103 22 use of the property or the performance of the service,  
103 23 or an occupation tax in respect to the property or  
103 24 service, in an amount less than the tax imposed by  
103 25 subchapter II or III, the provisions of those  
103 26 subchapters shall apply, but at a rate measured by the  
103 27 difference only between the rate fixed by subchapter  
103 28 II or III and the rate by which the previous tax on  
103 29 the sale or use, or the occupation tax, was computed.  
103 30 If the tax imposed and paid in the other state is  
103 31 equal to or more than the tax imposed by those  
103 32 subchapters, then a tax is not due in this state on  
103 33 the personal property or service.

103 34 Sec. 125. NEW SECTION. 423.23 SELLERS'  
103 35 AGREEMENTS.

103 36 Agreements between competing sellers, or the  
103 37 adoption of appropriate rules and regulations by  
103 38 organizations or associations of sellers to provide  
103 39 uniform methods for adding sales or use tax or the  
103 40 average equivalent thereof, and which do not involve  
103 41 price-fixing agreements otherwise unlawful, are  
103 42 expressly authorized and shall be held not in  
103 43 violation of chapter 553 or other antitrust laws of  
103 44 this state. The director shall cooperate with  
103 45 sellers, organizations, or associations in formulating  
103 46 agreements and rules.

103 47 Sec. 126. NEW SECTION. 423.24 ABSORBING TAX  
103 48 PROHIBITED.

103 49 A seller shall not advertise or hold out or state  
103 50 to the public or to any purchaser, consumer, or user,  
104 1 directly or indirectly, that the taxes or any parts  
104 2 thereof imposed by subchapter II or III will be  
104 3 assumed or absorbed by the seller or the taxes will  
104 4 not be added to the sales price of the property sold,  
104 5 or if added that the taxes or any part thereof will be  
104 6 refunded. Any person violating any of the provisions  
104 7 of this section within this state is guilty of a  
104 8 simple misdemeanor.

104 9 Sec. 127. NEW SECTION. 423.25 DIRECTOR'S POWER  
104 10 TO ADOPT RULES.

104 11 The director shall have the power to adopt rules  
104 12 for adding the taxes imposed by subchapters II and  
104 13 III, or the average equivalents thereof, by providing  
104 14 different methods applying uniformly to retailers  
104 15 within the same general classification for the purpose  
104 16 of enabling the retailers to add and collect, as far  
104 17 as practicable, the amounts of those taxes.

104 18 Sec. 128. NEW SECTION. 423.26 VEHICLES SUBJECT  
104 19 TO REGISTRATION OR ONLY TO THE ISSUANCE OF TITLE ==  
104 20 MANUFACTURED HOUSING.

104 21 The use tax imposed upon the use of vehicles  
104 22 subject to registration or subject only to the  
104 23 issuance of a certificate of title or imposed upon the  
104 24 use of manufactured housing shall be paid by the owner  
104 25 of the vehicle or of the manufactured housing to the  
104 26 county treasurer or the state department of  
104 27 transportation from whom the registration receipt or  
104 28 certificate of title is obtained. A registration



104 29 receipt for a vehicle subject to registration or  
104 30 certificate of title shall not be issued until the tax  
104 31 has been paid. The county treasurer or the state  
104 32 department of transportation shall require every  
104 33 applicant for a registration receipt for a vehicle  
104 34 subject to registration or certificate of title to  
104 35 supply information as the county treasurer or the  
104 36 director deems necessary as to the time of purchase,  
104 37 the purchase price, installed purchase price, and  
104 38 other information relative to the purchase of the  
104 39 vehicle or manufactured housing. On or before the  
104 40 tenth day of each month, the county treasurer or the  
104 41 state department of transportation shall remit to the  
104 42 department the amount of the taxes collected during  
104 43 the preceding month.

104 44 A person who willfully makes a false statement in  
104 45 regard to the purchase price of a vehicle subject to  
104 46 taxation under this section is guilty of a fraudulent  
104 47 practice. A person who willfully makes a false  
104 48 statement in regard to the purchase price of such a  
104 49 vehicle with the intent to evade the payment of tax  
104 50 shall be assessed a penalty of seventy-five percent of  
105 1 the amount of tax unpaid and required to be paid on  
105 2 the actual purchase price less trade-in allowance.

105 3 Sec. 129. NEW SECTION. 423.27 MOTOR VEHICLE  
105 4 LEASE TAX.

105 5 1. The use tax imposed upon the use of leased  
105 6 vehicles subject to registration under chapter 321,  
105 7 with gross vehicle weight ratings of less than sixteen  
105 8 thousand pounds, excluding motorcycles and motorized  
105 9 bicycles, which are leased by a lessor licensed  
105 10 pursuant to chapter 321F for a period of twelve months  
105 11 or more shall be paid by the owner of the vehicle to  
105 12 the county treasurer or state department of  
105 13 transportation from whom the registration receipt or  
105 14 certificate of title is obtained. A registration  
105 15 receipt for a vehicle subject to registration or  
105 16 issuance of a certificate of title shall not be issued  
105 17 until the tax is paid in the initial instance. Tax on  
105 18 the lease transaction that does not require titling or  
105 19 registration of the vehicle shall be remitted to the  
105 20 department. Tax and the reporting of tax due to the  
105 21 department shall be remitted on or before fifteen days  
105 22 from the last day of the month that the vehicle lease  
105 23 tax becomes due. Failure to timely report or remit  
105 24 any of the tax when due shall result in a penalty and  
105 25 interest being imposed on the tax due pursuant to  
105 26 section 423.40, subsection 1, and section 423.42,  
105 27 subsection 1.

105 28 2. The amount subject to tax shall be computed on  
105 29 each separate lease transaction by taking the total of  
105 30 the lease payments, plus the down payment, and  
105 31 excluding all of the following:

105 32 a. Title fee.  
105 33 b. Registration fees.  
105 34 c. Vehicle lease tax pursuant to this section.  
105 35 d. Federal excise taxes attributable to the sale  
105 36 of the vehicle to the owner or to the lease of the  
105 37 vehicle by the owner.  
105 38 e. Optional service or warranty contracts subject  
105 39 to tax pursuant to section 423.2, subsection 1.  
105 40 f. Insurance.  
105 41 g. Manufacturer's rebate.  
105 42 h. Refundable deposit.  
105 43 i. Finance charges, if any, on items listed in  
105 44 paragraphs "a" through "h".

105 45 If any or all of the items in paragraphs "a"  
105 46 through "i" are excluded from the taxable lease price,  
105 47 the owner shall maintain adequate records of the  
105 48 amounts of those items. If the parties to a lease  
105 49 enter into an agreement providing that the tax imposed  
105 50 under this statute is to be paid by the lessee or  
106 1 included in the monthly lease payments to be paid by  
106 2 the lessee, the total cost of the tax shall not be  
106 3 included in the computation of lease price for the  
106 4 purpose of taxation under this section. The county  
106 5 treasurer, the state department of transportation, or  
106 6 the department of revenue and finance shall require  
106 7 every applicant for a registration receipt for a  
106 8 vehicle subject to tax under this section to supply  
106 9 information as the county treasurer or director deems

106 10 necessary as to the date of the lease transaction, the  
106 11 lease price, and other information relative to the  
106 12 lease of the vehicle.

106 13 3. On or before the tenth day of each month, the  
106 14 county treasurer or the state department of  
106 15 transportation shall remit to the department the  
106 16 amount of the taxes collected during the preceding  
106 17 month.

106 18 4. If the lease is terminated prior to the  
106 19 termination date contained in the lease agreement, no  
106 20 refund shall be allowed for tax previously paid under  
106 21 this section, except as provided in section 322G.4.

106 22 Sec. 130. NEW SECTION. 423.28 SALES TAX REPORT  
106 23 == DEDUCTION.

106 24 Motor vehicle or trailer dealers, in making their  
106 25 reports and returns to the department for the purpose  
106 26 of paying the sales tax, shall be permitted to deduct  
106 27 all sales prices from retail sales of vehicles subject  
106 28 to registration or subject only to the issuance of a  
106 29 certificate of title. Sales prices from sales of  
106 30 vehicles subject to registration or subject only to  
106 31 the issuance of a certificate of title are exempted  
106 32 from the sales tax, but, if required by the director,  
106 33 the sales prices shall be included in the returns made  
106 34 by motor vehicle or trailer dealers under subchapter  
106 35 II, and proper deductions taken pursuant to this  
106 36 section.

106 37 Sec. 131. NEW SECTION. 423.29 COLLECTIONS BY  
106 38 SELLERS.

106 39 Every seller who is a retailer and who is making  
106 40 taxable sales of tangible personal property in Iowa  
106 41 shall, at the time of selling the property, collect  
106 42 the sales tax. Every seller who is a retailer  
106 43 maintaining a place of business in this state and  
106 44 selling tangible personal property for use in Iowa  
106 45 shall, at the time of making the sale, whether within  
106 46 or without the state, collect the use tax. Sellers  
106 47 required to collect sales or use tax shall give to any  
106 48 purchaser a receipt for the tax collected in the  
106 49 manner and form prescribed by the director.

106 50 Every seller who is a retailer furnishing taxable  
107 1 services in Iowa and every seller who is a retailer  
107 2 maintaining a place of business in this state and  
107 3 furnishing taxable services in Iowa or services  
107 4 outside Iowa if the product or result of the service  
107 5 is used in Iowa shall be subject to the provisions of  
107 6 the preceding paragraph.

107 7 Sec. 132. NEW SECTION. 423.30 FOREIGN SELLERS  
107 8 NOT REGISTERED UNDER THE AGREEMENT.

107 9 The director may, upon application, authorize the  
107 10 collection of the use tax by any seller who is a  
107 11 retailer not maintaining a place of business within  
107 12 this state and not registered under the agreement,  
107 13 who, to the satisfaction of the director, furnishes  
107 14 adequate security to ensure collection and payment of  
107 15 the tax. Such sellers shall be issued, without  
107 16 charge, permits to collect tax subject to any  
107 17 regulations which the director shall prescribe. When  
107 18 so authorized, it shall be the duty of foreign sellers  
107 19 to collect the tax upon all tangible personal property  
107 20 sold, to the retailer's knowledge, for use within this  
107 21 state, in the same manner and subject to the same  
107 22 requirements as a retailer maintaining a place of  
107 23 business within this state. The authority and permit  
107 24 may be canceled when, at any time, the director  
107 25 considers the security inadequate, or that tax can  
107 26 more effectively be collected from the person using  
107 27 property in this state.

107 28 The discretionary power granted in this section is  
107 29 extended to apply in the case of foreign retailers  
107 30 furnishing services enumerated in section 423.2.

107 31 Sec. 133. NEW SECTION. 423.31 FILING OF SALES  
107 32 TAX RETURNS AND PAYMENT OF SALES TAX.

107 33 1. Each person subject to this section and section  
107 34 423.36 and in accordance with the provisions of this  
107 35 section and section 423.36 shall, on or before the  
107 36 last day of the month following the close of each  
107 37 calendar quarter during which such person is or has  
107 38 become or ceased being subject to the provisions of  
107 39 this section and section 423.36, make, sign, and file  
107 40 a return for the calendar quarter in the form as may

107 41 be required. Returns shall show information relating  
107 42 to sales prices including goods, wares, and services  
107 43 converted to the use of such person, the amounts of  
107 44 sales prices excluded and exempt from the tax, the  
107 45 amounts of sales prices subject to tax, a calculation  
107 46 of tax due, and any other information for the period  
107 47 covered by the return as may be required. Returns  
107 48 shall be signed by the retailer or the retailer's  
107 49 authorized agent and must be certified by the retailer  
107 50 to be correct in accordance with forms and rules

108 1 prescribed by the director.

108 2 2. Persons required to file, or committed to file  
108 3 by reason of voluntary action or by order of the  
108 4 department, deposits of taxes due under this  
108 5 subchapter shall be entitled to take credit against  
108 6 the total quarterly amount of tax due such amount as  
108 7 shall have been deposited by such persons during that  
108 8 calendar quarter. The balance remaining due after  
108 9 such credit for deposits shall be entered on the  
108 10 return. However, such person may be granted an  
108 11 extension of time not exceeding thirty days for filing  
108 12 the quarterly return, upon a proper showing of  
108 13 necessity. If an extension is granted, such person  
108 14 shall have paid by the twentieth day of the month  
108 15 following the close of such quarter ninety percent of  
108 16 the estimated tax due.

108 17 3. The sales tax forms prescribed by the director  
108 18 shall be referred to as "retailers tax deposit".  
108 19 Deposit forms shall be signed by the retailer or the  
108 20 retailer's duly authorized agent, and shall be duly  
108 21 certified by the retailer or agent to be correct. The  
108 22 director may authorize incorporated banks and trust  
108 23 companies or other depositories authorized by law  
108 24 which are depositories or financial agents of the  
108 25 United States, or of this state, to receive any sales  
108 26 tax imposed under this chapter, in the manner, at the  
108 27 times, and under the conditions the director  
108 28 prescribes. The director shall prescribe the manner,  
108 29 times, and conditions under which the receipt of the  
108 30 tax by those depositories is to be treated as payment  
108 31 of the tax to the department.

108 32 4. Every retailer at the time of making any return  
108 33 required by this section shall compute and pay to the  
108 34 department the tax due for the preceding period. The  
108 35 tax on sales prices from the sale or rental of  
108 36 tangible personal property under a consumer rental  
108 37 purchase agreement as defined in section 537.3604,  
108 38 subsection 8, is payable in the tax period of receipt.

108 39 5. Upon making application and receiving approval  
108 40 from the director, a parent corporation and its  
108 41 affiliated corporations that make retail sales of  
108 42 tangible personal property or taxable enumerated  
108 43 services may make deposits and file a consolidated  
108 44 sales tax return for the affiliated group, pursuant to  
108 45 rules adopted by the director. A parent corporation  
108 46 and each affiliate corporation that files a  
108 47 consolidated return are jointly and severally liable  
108 48 for all tax, penalty, and interest found due for the  
108 49 tax period for which a consolidated return is filed or  
108 50 required to be filed.

109 1 A business required to file a consolidated sales  
109 2 tax return shall file a form entitled "schedule of  
109 3 consolidated business locations" with its quarterly  
109 4 sales tax return that shows the taxpayer's  
109 5 consolidated permit number, the permit number for each  
109 6 Iowa business location, the state sales tax amount by  
109 7 business location, and the amount of state sales tax  
109 8 due on goods consumed that are not assigned to a  
109 9 specific business location. Consolidated quarterly  
109 10 sales tax returns that are not accompanied by the  
109 11 schedule of consolidated business locations form are  
109 12 considered incomplete and are subject to penalty under  
109 13 section 421.27.

109 14 6. If necessary or advisable in order to insure  
109 15 the payment of the tax, the director may require  
109 16 returns and payment of the tax to be made for other  
109 17 than quarterly periods, the provisions of this  
109 18 section, or other provision to the contrary  
109 19 notwithstanding.

109 20 Sec. 134. NEW SECTION. 423.32 FILING OF USE TAX  
109 21 RETURNS AND PAYMENT OF USE TAX.

109 22 1. A retailer maintaining a place of business in  
109 23 this state who is required to collect or a user who is  
109 24 required to pay the use tax or a foreign retailer  
109 25 authorized, pursuant to section 423.30, to collect the  
109 26 use tax, shall remit to the department the amount of  
109 27 tax on or before the last day of the month following  
109 28 each calendar quarterly period. However, a retailer  
109 29 who collects or owes more than fifteen hundred dollars  
109 30 in use taxes in a month shall deposit with the  
109 31 department or in a depository authorized by law and  
109 32 designated by the director, the amount collected or  
109 33 owed, with a deposit form for the month as prescribed  
109 34 by the director.

109 35 a. The deposit form is due on or before the  
109 36 twentieth day of the month following the month of  
109 37 collection, except a deposit is not required for the  
109 38 third month of the calendar quarter, and the total  
109 39 quarterly amount, less the amounts deposited for the  
109 40 first two months of the quarter, is due with the  
109 41 quarterly report on the last day of the month  
109 42 following the month of collection. At that time, the  
109 43 retailer shall file with the department a return for  
109 44 the preceding quarterly period in the form prescribed  
109 45 by the director showing the purchase price of the  
109 46 tangible personal property sold by the retailer during  
109 47 the preceding quarterly period, the use of which is  
109 48 subject to the use tax imposed by this chapter, and  
109 49 other information the director deems necessary for the  
109 50 proper administration of the use tax.

110 1 b. The return shall be accompanied by a remittance  
110 2 of the use tax for the period covered by the return.  
110 3 If necessary in order to ensure payment to the state  
110 4 of the tax, the director may in any or all cases  
110 5 require returns and payments to be made for other than  
110 6 quarterly periods. The director, upon request and a  
110 7 proper showing of necessity, may grant an extension of  
110 8 time not to exceed thirty days for making any return  
110 9 and payment. Returns shall be signed, in accordance  
110 10 with forms and rules prescribed by the director, by  
110 11 the retailer or the retailer's authorized agent, and  
110 12 shall be certified by the retailer or agent to be  
110 13 correct.

110 14 2. If it is reasonably expected, as determined by  
110 15 rules prescribed by the director, that a retailer's  
110 16 annual sales or use tax liability will not exceed one  
110 17 hundred twenty dollars for a calendar year, the  
110 18 retailer may request and the director may grant  
110 19 permission to the retailer, in lieu of the quarterly  
110 20 filing and remitting requirements set out elsewhere in  
110 21 this section, to file the return required by and remit  
110 22 the sales or use tax due under this section on a  
110 23 calendar-year basis. The return and tax are due and  
110 24 payable no later than January 31 following each  
110 25 calendar year in which the retailer carries on  
110 26 business.

110 27 3. The director, in cooperation with the  
110 28 department of management, may periodically change the  
110 29 filing and remittance thresholds by administrative  
110 30 rule if in the best interests of the state and  
110 31 taxpayer to do so.

110 32 Sec. 135. NEW SECTION. 423.33 LIABILITY OF  
110 33 PERSONS OTHER THAN RETAILERS FOR PAYMENT OF SALES OR  
110 34 USE TAX.

110 35 1. LIABILITY OF PURCHASER FOR SALES TAX. If a  
110 36 purchaser fails to pay sales tax to the retailer  
110 37 required to collect the tax, then in addition to all  
110 38 of the rights, obligations, and remedies provided, the  
110 39 tax is payable by the purchaser directly to the  
110 40 department, and sections 423.31, 423.32, 423.37,  
110 41 423.38, 423.39, 423.40, 423.41, and 423.42 apply to  
110 42 the purchaser. For failure to pay, the retailer and  
110 43 purchaser are liable, unless the circumstances  
110 44 described in section 421.60, subsection 2, paragraph  
110 45 "m", or section 423.45, subsection 4, paragraph "b" or  
110 46 "e", or subsection 5, paragraph "c" or "e", are  
110 47 applicable.

110 48 2. IMMEDIATE SUCCESSOR LIABILITY FOR SALES OR USE  
110 49 TAX. If a retailer sells the retailer's business or  
110 50 stock of goods or quits the business, the retailer  
111 1 shall prepare a final return and pay all sales or use  
111 2 tax due within the time required by law. The

111 3 immediate successor to the retailer, if any, shall  
111 4 withhold a sufficient portion of the purchase price,  
111 5 in money or money's worth, to pay the amount of  
111 6 delinquent tax, interest, or penalty due and unpaid.  
111 7 If the immediate successor of the business or stock of  
111 8 goods intentionally fails to withhold the amount due  
111 9 from the purchase price as provided in this  
111 10 subsection, the immediate successor is personally  
111 11 liable for the payment of delinquent taxes, interest,  
111 12 and penalty accrued and unpaid on account of the  
111 13 operation of the business by the immediate former  
111 14 retailer, except when the purchase is made in good  
111 15 faith as provided in section 421.28. However, a  
111 16 person foreclosing on a valid security interest or  
111 17 retaking possession of premises under a valid lease is  
111 18 not an "immediate successor" for purposes of this  
111 19 section. The department may waive the liability of  
111 20 the immediate successor under this subsection if the  
111 21 immediate successor exercised good faith in  
111 22 establishing the amount of the previous liability.  
111 23 3. EVENT SPONSOR'S LIABILITY FOR SALES TAX. A  
111 24 person sponsoring a flea market or a craft, antique,  
111 25 coin, or stamp show or similar event shall obtain from  
111 26 every retailer selling tangible personal property or  
111 27 taxable services at the event proof that the retailer  
111 28 possesses a valid sales tax permit or secure from the  
111 29 retailer a statement, taken in good faith, that  
111 30 property or services offered for sale are not subject  
111 31 to sales tax. Failure to do so renders a sponsor of  
111 32 the event liable for payment of any sales tax,  
111 33 interest, and penalty due and owing from any retailer  
111 34 selling property or services at the event. Sections  
111 35 423.31, 423.32, 423.37, 423.38, 423.39, 423.40,  
111 36 423.41, and 423.42 apply to the sponsors. For  
111 37 purposes of this subsection, a person sponsoring a  
111 38 flea market or a craft, antique, coin, or stamp show  
111 39 or similar event does not include an organization  
111 40 which sponsors an event less than three times a year  
111 41 or a state, county, or district agricultural fair.  
111 42 Sec. 136. NEW SECTION. 423.34 LIABILITY OF USER.  
111 43 Any person who uses any property or services  
111 44 enumerated in section 423.2 upon which the use tax has  
111 45 not been paid, either to the county treasurer or to a  
111 46 retailer or direct to the department as required by  
111 47 this subchapter, shall be liable for the payment of  
111 48 tax, and shall on or before the last day of the month  
111 49 next succeeding each quarterly period pay the use tax  
111 50 upon all property or services used by the person  
112 1 during the preceding quarterly period in the manner  
112 2 and accompanied by such returns as the director shall  
112 3 prescribe. All of the provisions of sections 423.32  
112 4 and 423.33 with reference to the returns and payments  
112 5 shall be applicable to the returns and payments  
112 6 required by this section.  
112 7 Sec. 137. NEW SECTION. 423.35 POSTING OF BOND TO  
112 8 SECURE PAYMENT.  
112 9 The director may, when necessary and advisable in  
112 10 order to secure the collection of the sales or use  
112 11 tax, authorize any person subject to either tax, and  
112 12 any retailer required or authorized to collect those  
112 13 taxes pursuant to the provisions of section 423.14, to  
112 14 file with the department a bond, issued by a surety  
112 15 company authorized to transact business in this state  
112 16 and approved by the insurance commissioner as to  
112 17 solvency and responsibility, in an amount as the  
112 18 director may fix, to secure the payment of any tax,  
112 19 interest, or penalties due or which may become due  
112 20 from such person. In lieu of a bond, securities  
112 21 approved by the director, in an amount which the  
112 22 director may prescribe, may be deposited with the  
112 23 department, which securities shall be kept in the  
112 24 custody of the department and may be sold by the  
112 25 director at public or private sale, without notice to  
112 26 the depositor, if it becomes necessary to do so in  
112 27 order to recover any tax, interest, or penalties due.  
112 28 Upon the sale, the surplus, if any, above the amounts  
112 29 due under this chapter shall be returned to the person  
112 30 who deposited the securities.  
112 31 Sec. 138. NEW SECTION. 423.36 PERMITS REQUIRED  
112 32 TO COLLECT SALES OR USE TAX == APPLICATIONS ==  
112 33 REVOCATION.

112 34 1. A person shall not engage in or transact  
112 35 business as a retailer making taxable sales of  
112 36 tangible personal property or furnishing services  
112 37 within this state or as a retailer making taxable  
112 38 sales of tangible personal property or furnishing  
112 39 services for use within this state, unless a permit  
112 40 has been issued to the retailer under this section,  
112 41 except as provided in subsection 6. Every person  
112 42 desiring to engage in or transact business as a  
112 43 retailer shall file with the department an application  
112 44 for a permit to collect sales or use tax. Every  
112 45 application for a sales or use tax permit shall be  
112 46 made upon a form prescribed by the director and shall  
112 47 set forth any information the director may require.  
112 48 The application shall be signed by an owner of the  
112 49 business if a natural person; in the case of a  
112 50 retailer which is an association or partnership, by a  
113 1 member or partner; and in the case of a retailer which  
113 2 is a corporation, by an executive officer or some  
113 3 person specifically authorized by the corporation to  
113 4 sign the application, to which shall be attached the  
113 5 written evidence of the person's authority.

113 6 2. To collect sales or use tax, the applicant must  
113 7 have a permit for each place of business in the state  
113 8 of Iowa. The department may deny a permit to an  
113 9 applicant who is substantially delinquent in paying a  
113 10 tax due, or the interest or penalty on the tax,  
113 11 administered by the department at the time of  
113 12 application. If the applicant is a partnership, a  
113 13 permit may be denied if a partner is substantially  
113 14 delinquent in paying any delinquent tax, penalty, or  
113 15 interest. If the applicant is a corporation, a permit  
113 16 may be denied if any officer having a substantial  
113 17 legal or equitable interest in the ownership of the  
113 18 corporation owes any delinquent tax, penalty, or  
113 19 interest.

113 20 3. The department shall grant and issue to each  
113 21 applicant a permit for each place of business in this  
113 22 state where sales or use tax is collected. A permit  
113 23 is not assignable and is valid only for the person in  
113 24 whose name it is issued and for the transaction of  
113 25 business at the place designated or at a place of  
113 26 relocation within the state if the ownership remains  
113 27 the same.

113 28 If an applicant is making sales outside Iowa for  
113 29 use in this state or furnishing services outside Iowa,  
113 30 the product or result of which will be used in this  
113 31 state, that applicant shall be issued one use tax  
113 32 permit by the department applicable to these out-of-  
113 33 state sales or services.

113 34 4. Permits issued under this section are valid and  
113 35 effective until revoked by the department.

113 36 5. If the holder of a permit fails to comply with  
113 37 any of the provisions of this subchapter or of  
113 38 subchapter II or III or any order or rule of the  
113 39 department adopted under those subchapters or is  
113 40 substantially delinquent in the payment of a tax  
113 41 administered by the department or the interest or  
113 42 penalty on the tax, or if the person is a corporation  
113 43 and if any officer having a substantial legal or  
113 44 equitable interest in the ownership of the corporation  
113 45 owes any delinquent tax of the permit-holding  
113 46 corporation, or interest or penalty on the tax,  
113 47 administered by the department, the director may  
113 48 revoke the permit. The director shall send notice by  
113 49 mail to a permit holder informing that person of the  
113 50 director's intent to revoke the permit and of the  
114 1 permit holder's right to a hearing on the matter. If  
114 2 the permit holder petitions the director for a hearing  
114 3 on the proposed revocation, after giving ten days'  
114 4 notice of the time and place of the hearing in  
114 5 accordance with section 17A.18, subsection 3, the  
114 6 matter may be heard and a decision rendered. The  
114 7 director may restore permits after revocation. The  
114 8 director shall adopt rules setting forth the period of  
114 9 time a retailer must wait before a permit may be  
114 10 restored or a new permit may be issued. The waiting  
114 11 period shall not exceed ninety days from the date of  
114 12 the revocation of the permit.

114 13 6. Sellers who are not regularly engaged in  
114 14 selling at retail and do not have a permanent place of

114 15 business, but who are temporarily engaged in selling  
114 16 from trucks, portable roadside stands, concessionaires  
114 17 at state, county, district, or local fairs, carnivals,  
114 18 or the like, shall report and remit the sales tax on a  
114 19 temporary basis, under rules the director shall  
114 20 provide for the efficient collection of the sales tax.  
114 21 This subsection applies to sellers who are temporarily  
114 22 engaged in furnishing services.

114 23 Persons engaged in selling tangible personal  
114 24 property or furnishing services shall not be required  
114 25 to obtain or retain a sales tax permit for a place of  
114 26 business at which taxable sales of tangible personal  
114 27 property or taxable performance of services will not  
114 28 occur.

114 29 7. The provisions of subsection 1, dealing with  
114 30 the lawful right of a retailer to transact business,  
114 31 as applicable, apply to persons having receipts from  
114 32 furnishing services enumerated in section 423.2,  
114 33 except that a person holding a permit pursuant to  
114 34 subsection 1 shall not be required to obtain any  
114 35 separate sales tax permit for the purpose of engaging  
114 36 in business involving the services.

114 37 8. a. Except as provided in paragraph "b",  
114 38 purchasers, users, and consumers of tangible personal  
114 39 property or enumerated services taxed pursuant to  
114 40 subchapter II or III of this chapter or chapters 423B  
114 41 and 423E may be authorized, pursuant to rules adopted  
114 42 by the director, to remit tax owed directly to the  
114 43 department instead of the tax being collected and paid  
114 44 by the seller. To qualify for a direct pay tax  
114 45 permit, the purchaser, user, or consumer must accrue a  
114 46 tax liability of more than four thousand dollars in  
114 47 tax under subchapters II and III in a semimonthly  
114 48 period and make deposits and file returns pursuant to  
114 49 section 423.31. This authority shall not be granted  
114 50 or exercised except upon application to the director  
115 1 and then only after issuance by the director of a  
115 2 direct pay tax permit.

115 3 b. The granting of a direct pay tax permit is not  
115 4 authorized for any of the following:

115 5 (1) Taxes imposed on the sales, furnishing, or  
115 6 service of gas, electricity, water, heat, pay  
115 7 television service, and communication service.  
115 8 (2) Taxes imposed under sections 423.26 and 423.27  
115 9 and chapter 423C.

115 10 Sec. 139. NEW SECTION. 423.37 FAILURE TO FILE  
115 11 SALES OR USE TAX RETURNS == INCORRECT RETURNS.

115 12 1. As soon as practicable after a return is filed  
115 13 and in any event within three years after the return  
115 14 is filed, the department shall examine it, assess and  
115 15 determine the tax due if the return is found to be  
115 16 incorrect, and give notice to the person liable for  
115 17 the tax of the assessment and determination as  
115 18 provided in subsection 2. The period for the  
115 19 examination and determination of the correct amount of  
115 20 tax is unlimited in the case of a false or fraudulent  
115 21 return made with the intent to evade tax or in the  
115 22 case of a failure to file a return.

115 23 2. If a return required by this subchapter is not  
115 24 filed, or if a return when filed is incorrect or  
115 25 insufficient and the maker fails to file a corrected  
115 26 or sufficient return within twenty days after the same  
115 27 is required by notice from the department, the  
115 28 department shall determine the amount of tax due from  
115 29 information as the department may be able to obtain  
115 30 and, if necessary, may estimate the tax on the basis  
115 31 of external indices, such as number of employees of  
115 32 the person concerned, rentals paid by the person,  
115 33 stock on hand, or other factors. The department shall  
115 34 give notice of the determination to the person liable  
115 35 for the tax. The determination shall fix the tax  
115 36 unless the person against whom it is assessed shall,  
115 37 within sixty days after the giving of notice of the  
115 38 determination, apply to the director for a hearing or  
115 39 unless the taxpayer contests the determination by  
115 40 paying the tax, interest, and penalty and timely  
115 41 filing a claim for refund. At the hearing evidence  
115 42 may be offered to support the determination or to  
115 43 prove that it is incorrect. After the hearing the  
115 44 director shall give notice of the decision to the  
115 45 person liable for the tax.

115 46 3. The three-year period of limitation provided in  
115 47 subsection 1 may be extended by a taxpayer by signing  
115 48 a waiver agreement form to be provided by the  
115 49 department. The agreement shall stipulate the period  
115 50 of extension and the tax period to which the extension  
116 1 applies. The agreement shall also provide that a  
116 2 claim for refund may be filed by the taxpayer at any  
116 3 time during the period of extension.

116 4 Sec. 140. NEW SECTION. 423.38 JUDICIAL REVIEW.

116 5 1. Judicial review of actions of the director may  
116 6 be sought in accordance with the terms of the Iowa  
116 7 administrative procedure Act.

116 8 2. For cause and upon a showing by the director  
116 9 that collection of the tax in dispute is in doubt, the  
116 10 court may order the petitioner to file with the clerk  
116 11 a bond for the use of the respondent, with sureties  
116 12 approved by the clerk, in the amount of tax appealed  
116 13 from, conditioned that the petitioner shall perform  
116 14 the orders of the court.

116 15 3. An appeal may be taken by the taxpayer or the  
116 16 director to the supreme court of this state  
116 17 irrespective of the amount involved.

116 18 Sec. 141. NEW SECTION. 423.39 SERVICE OF  
116 19 NOTICES.

116 20 1. A notice authorized or required under this  
116 21 subchapter may be given by mailing the notice to the  
116 22 person for whom it is intended, addressed to that  
116 23 person at the address given in the last return filed  
116 24 by the person pursuant to this subchapter, or if no  
116 25 return has been filed, then to any address obtainable.  
116 26 The mailing of the notice is presumptive evidence of  
116 27 the receipt of the notice by the person to whom  
116 28 addressed. Any period of time which is determined  
116 29 according to this subchapter by the giving of notice  
116 30 commences to run from the date of mailing of the  
116 31 notice.

116 32 2. The provisions of the Code relative to the  
116 33 limitation of time for the enforcement of a civil  
116 34 remedy shall not apply to any proceeding or action  
116 35 taken to levy, appraise, assess, determine, or enforce  
116 36 the collection of any tax or penalty provided by this  
116 37 chapter.

116 38 Sec. 142. NEW SECTION. 423.40 PENALTIES ==  
116 39 OFFENSES == LIMITATION.

116 40 1. In addition to the sales or use tax or  
116 41 additional sales or use tax, the taxpayer shall pay a  
116 42 penalty as provided in section 421.27. The taxpayer  
116 43 shall also pay interest on the sales or use tax or  
116 44 additional sales or use tax at the rate in effect  
116 45 under section 421.7 for each month counting each  
116 46 fraction of a month as an entire month, computed from  
116 47 the date the semimonthly or monthly tax deposit form  
116 48 or return was required to be filed. The penalty and  
116 49 interest shall be paid to the department and disposed  
116 50 of in the same manner as other receipts under this  
117 1 subchapter. Unpaid penalties and interest may be  
117 2 enforced in the same manner as the taxes imposed by  
117 3 this chapter.

117 4 2. a. Any person who knowingly sells tangible  
117 5 personal property, tickets or admissions to places of  
117 6 amusement and athletic events, or gas, water,  
117 7 electricity, or communication service at retail, or  
117 8 engages in the furnishing of services enumerated in  
117 9 section 423.2, in this state without procuring a  
117 10 permit to collect tax, as provided in section 423.36,  
117 11 or who violates section 423.24 and the officers of any  
117 12 corporation who so act are guilty of a serious  
117 13 misdemeanor.

117 14 b. A person who knowingly sells tangible personal  
117 15 property, tickets or admissions to places of amusement  
117 16 and athletic events, or gas, water, electricity, or  
117 17 communication service at retail, or engages in the  
117 18 furnishing of services enumerated in section 423.2, in  
117 19 this state after the person's sales tax permit has  
117 20 been revoked and before it has been restored as  
117 21 provided in section 423.36, subsection 5, and the  
117 22 officers of any corporation who so act are guilty of  
117 23 an aggravated misdemeanor.

117 24 3. A person who willfully attempts in any manner  
117 25 to evade any tax imposed by this chapter or the  
117 26 payment of the tax or a person who makes or causes to



117 27 be made a false or fraudulent semimonthly or monthly  
117 28 tax deposit form or return with intent to evade any  
117 29 tax imposed by subchapter II or III or the payment of  
117 30 the tax is guilty of a class "D" felony.  
117 31 4. The certificate of the director to the effect  
117 32 that a tax has not been paid, that a return has not  
117 33 been filed, or that information has not been supplied  
117 34 pursuant to the provisions of this subchapter shall be  
117 35 prima facie evidence thereof.  
117 36 5. A person required to pay sales or use tax, or  
117 37 to make, sign, or file a tax deposit form or return or  
117 38 supplemental return, who willfully makes a false or  
117 39 fraudulent tax deposit form or return, or willfully  
117 40 fails to pay at least ninety percent of the tax or  
117 41 willfully fails to make, sign, or file the tax deposit  
117 42 form or return, at the time required by law, is guilty  
117 43 of a fraudulent practice.  
117 44 6. A prosecution for an offense specified in this  
117 45 section shall be commenced within six years after its  
117 46 commission.  
117 47 Sec. 143. NEW SECTION. 423.41 BOOKS ==  
117 48 EXAMINATION.  
117 49 Every retailer required or authorized to collect  
117 50 taxes imposed by this chapter and every person using  
118 1 in this state tangible personal property, services, or  
118 2 the product of services shall keep records, receipts,  
118 3 invoices, and other pertinent papers as the director  
118 4 shall require, in the form that the director shall  
118 5 require, for as long as the director has the authority  
118 6 to examine and determine tax due. The director or any  
118 7 duly authorized agent of the department may examine  
118 8 the books, papers, records, and equipment of any  
118 9 person either selling tangible personal property or  
118 10 services or liable for the tax imposed by this  
118 11 chapter, and investigate the character of the business  
118 12 of any person in order to verify the accuracy of any  
118 13 return made, or if a return was not made by the  
118 14 person, ascertain and determine the amount due under  
118 15 this chapter. These books, papers, and records shall  
118 16 be made available within this state for examination  
118 17 upon reasonable notice when the director deems it  
118 18 advisable and so orders. The preceding requirements  
118 19 shall likewise apply to users and persons furnishing  
118 20 services enumerated in section 423.2.  
118 21 Sec. 144. NEW SECTION. 423.42 STATUTES  
118 22 APPLICABLE.  
118 23 1. The director shall administer the taxes imposed  
118 24 by subchapters II and III in the same manner and  
118 25 subject to all the provisions of, and all of the  
118 26 powers, duties, authority, and restrictions contained  
118 27 in, section 422.25, subsection 4, section 422.30, and  
118 28 sections 422.67 through 422.75.  
118 29 2. All the provisions of section 422.26 shall  
118 30 apply in respect to the taxes and penalties imposed by  
118 31 subchapters II and III and this subchapter, except  
118 32 that, as applied to any tax imposed by subchapters II  
118 33 and III, the lien provided in section 422.26 shall be  
118 34 prior and paramount over all subsequent liens upon any  
118 35 personal property within this state, or right to such  
118 36 personal property, belonging to the taxpayer without  
118 37 the necessity of recording as provided in section  
118 38 422.26. The requirements for recording shall, as  
118 39 applied to the taxes imposed by subchapters II and  
118 40 III, apply only to the liens upon real property. When  
118 41 requested to do so by any person from whom a taxpayer  
118 42 is seeking credit, or with whom the taxpayer is  
118 43 negotiating the sale of any personal property, or by  
118 44 any other person having a legitimate interest in such  
118 45 information, the director shall, upon being satisfied  
118 46 that such a situation exists, inform that person as to  
118 47 the amount of unpaid taxes due by such taxpayer under  
118 48 the provisions of subchapters II and III. The giving  
118 49 of this information under these circumstances shall  
118 50 not be deemed a violation of section 422.72 as applied  
119 1 to subchapters II and III.  
119 2 Sec. 145. NEW SECTION. 423.43 DEPOSIT OF REVENUE  
119 3 == APPROPRIATIONS.  
119 4 Except as otherwise provided in section 312.2,  
119 5 subsection 15, all revenues derived from the use tax  
119 6 on motor vehicles, trailers, and motor vehicle  
119 7 accessories and equipment as collected pursuant to

119 8 sections 423.26 and 423.27 shall be deposited and  
119 9 credited to the road use tax fund and shall be used  
119 10 exclusively for the construction, maintenance, and  
119 11 supervision of public highways.  
119 12 1. Notwithstanding any provision of this section  
119 13 which provides that all revenues derived from the use  
119 14 tax on motor vehicles, trailers, and motor vehicle  
119 15 accessories and equipment as collected pursuant to  
119 16 sections 423.26 and 423.27 shall be deposited and  
119 17 credited to the road use tax fund, eighty percent of  
119 18 the revenues shall be deposited and credited as  
119 19 follows:

119 20 a. Twenty-five percent of all such revenue, up to  
119 21 a maximum of four million two hundred fifty thousand  
119 22 dollars per quarter, shall be deposited into and  
119 23 credited to the Iowa comprehensive petroleum  
119 24 underground storage tank fund created in section  
119 25 455G.3, and the moneys so deposited are a continuing  
119 26 appropriation for expenditure under chapter 455G, and  
119 27 moneys so appropriated shall not be used for other  
119 28 purposes.

119 29 b. Any such revenues remaining shall be credited  
119 30 to the road use tax fund.

119 31 2. Notwithstanding any other provision of this  
119 32 section that provides that all revenue derived from  
119 33 the use tax on motor vehicles, trailers, and motor  
119 34 vehicle accessories and equipment as collected  
119 35 pursuant to section 423.26 shall be deposited and  
119 36 credited to the road use tax fund, twenty percent of  
119 37 the revenues shall be credited and deposited as  
119 38 follows: one-half to the road use tax fund and one=  
119 39 half to the primary road fund to be used for the  
119 40 commercial and industrial highway network.

119 41 3. All other revenue arising under the operation  
119 42 of this chapter shall be credited to the general fund  
119 43 of the state.

119 44 Sec. 146. NEW SECTION. 423.44 REIMBURSEMENT FOR  
119 45 PRIMARY ROAD FUND.

119 46 From moneys deposited into the road use tax fund,  
119 47 the department may credit to the primary road fund any  
119 48 amount of revenues derived from the use tax on motor  
119 49 vehicles, trailers, and motor vehicle accessories and  
119 50 equipment as collected pursuant to sections 423.26 and  
120 1 423.27 to the extent necessary to reimburse that fund  
120 2 for the expenditures not otherwise eligible to be made  
120 3 from the primary road fund, which are made for  
120 4 repairing, improving, and maintaining bridges over the  
120 5 rivers bordering the state. Expenditures for those  
120 6 portions of bridges within adjacent states may be  
120 7 included when they are made pursuant to an agreement  
120 8 entered into under section 313.63, 313A.34, or 314.10.

120 9 Sec. 147. NEW SECTION. 423.45 REFUNDS ==  
120 10 EXEMPTION CERTIFICATES.

120 11 1. If an amount of tax represented by a retailer  
120 12 to a consumer or user as constituting tax due is  
120 13 computed upon a sales price that is not taxable or the  
120 14 amount represented is in excess of the actual taxable  
120 15 amount and the amount represented is actually paid by  
120 16 the consumer or user to the retailer, the excess  
120 17 amount of tax paid shall be returned to the consumer  
120 18 or user upon notification to the retailer by the  
120 19 department that an excess payment exists.

120 20 2. If an amount of tax represented by a retailer  
120 21 to a consumer or user as constituting tax due is  
120 22 computed upon a sales price that is not taxable or the  
120 23 amount represented is in excess of the actual taxable  
120 24 amount and the amount represented is actually paid by  
120 25 the consumer or user to the retailer, the excess  
120 26 amount of tax paid shall be returned to the consumer  
120 27 or user upon proper notification to the retailer by  
120 28 the consumer or user that an excess payment exists.  
120 29 "Proper" notification is written notification which  
120 30 allows a retailer at least sixty days to respond and  
120 31 which contains enough information to allow a retailer  
120 32 to determine the validity of a consumer's or user's  
120 33 claim that an excess amount of tax has been paid. No  
120 34 cause of action shall accrue against a retailer for  
120 35 excess tax paid until sixty days after proper notice  
120 36 has been given the retailer by the consumer or user.

120 37 3. In the circumstances described in subsections 1  
120 38 and 2, a retailer has the option to either return any

120 39 excess amount of tax paid to a consumer or user, or to  
120 40 remit the amount which a consumer or user has paid to  
120 41 the retailer to the department.

120 42 4. a. The department shall issue or the seller  
120 43 may separately provide exemption certificates in the  
120 44 form prescribed by the director, including  
120 45 certificates not made of paper, which conform to the  
120 46 requirements of paragraph "c", to assist retailers in  
120 47 properly accounting for nontaxable sales of tangible  
120 48 personal property or services to purchasers for a  
120 49 nontaxable purpose. The department shall also allow  
120 50 the use of exemption certificates for those  
121 1 circumstances in which a sale is taxable but the  
121 2 seller is not obligated to collect tax from the buyer.

121 3 b. The sales tax liability for all sales of  
121 4 tangible personal property and all sales of services  
121 5 is upon the seller and the purchaser unless the seller  
121 6 takes in good faith from the purchaser a valid  
121 7 exemption certificate stating under penalty of perjury  
121 8 that the purchase is for a nontaxable purpose and is  
121 9 not a retail sale as defined in section 423.1, or the  
121 10 seller is not obligated to collect tax due, or unless  
121 11 the seller takes a fuel exemption certificate pursuant  
121 12 to subsection 5. If the tangible personal property or  
121 13 services are purchased tax free pursuant to a valid  
121 14 exemption certificate which is taken in good faith by  
121 15 the seller, and the tangible personal property or  
121 16 services are used or disposed of by the purchaser in a  
121 17 nonexempt manner, the purchaser is solely liable for  
121 18 the taxes and shall remit the taxes directly to the  
121 19 department and sections 423.31, 423.32, 423.37,  
121 20 423.38, 423.39, 423.40, 423.41, and 423.42 shall apply  
121 21 to the purchaser.

121 22 c. A valid exemption certificate is an exemption  
121 23 certificate which is complete and correct according to  
121 24 the requirements of the director.

121 25 d. A valid exemption certificate is taken in good  
121 26 faith by the seller when the seller has exercised that  
121 27 caution and diligence which honest persons of ordinary  
121 28 prudence would exercise in handling their own business  
121 29 affairs, and includes an honesty of intention and  
121 30 freedom from knowledge of circumstances which ought to  
121 31 put one upon inquiry as to the facts. In order for a  
121 32 seller to take a valid exemption certificate in good  
121 33 faith, the seller must exercise reasonable prudence to  
121 34 determine the facts supporting the valid exemption  
121 35 certificate, and if any facts upon such certificate  
121 36 would lead a reasonable person to further inquiry,  
121 37 such inquiry must be made with an honest intent to  
121 38 discover the facts.

121 39 e. If the circumstances change and as a result the  
121 40 tangible personal property or services are used or  
121 41 disposed of by the purchaser in a nonexempt manner or  
121 42 the purchaser becomes obligated to pay the tax, the  
121 43 purchaser is liable solely for the taxes and shall  
121 44 remit the taxes directly to the department in  
121 45 accordance with this subsection.

121 46 5. a. The department shall issue or the seller  
121 47 may separately provide fuel exemption certificates in  
121 48 the form prescribed by the director.

121 49 b. For purposes of this subsection:

121 50 (1) "Fuel" includes gas, electricity, water, heat,  
122 1 steam, and any other tangible personal property  
122 2 consumed in creating heat, power, or steam.

122 3 (2) "Fuel consumed in processing" means fuel used  
122 4 or consumed for processing including grain drying, for  
122 5 providing heat or cooling for livestock buildings or  
122 6 for greenhouses or buildings or parts of buildings  
122 7 dedicated to the production of flowering, ornamental,  
122 8 or vegetable plants intended for sale in the ordinary  
122 9 course of business, for use in aquaculture production,  
122 10 or for generating electric current, or in implements  
122 11 of husbandry engaged in agricultural production.

122 12 (3) "Fuel exemption certificate" means an  
122 13 exemption certificate given by the purchaser under  
122 14 penalty of perjury to assist retailers in properly  
122 15 accounting for nontaxable sales of fuel consumed in  
122 16 processing.

122 17 (4) "Substantial change" means a change in the use  
122 18 or disposition of tangible personal property and  
122 19 services by the purchaser such that the purchaser pays

122 20 less than ninety percent of the purchaser's actual  
122 21 sales tax liability. A change includes a misstatement  
122 22 of facts in an application made pursuant to paragraph  
122 23 "d" or in a fuel exemption certificate.  
122 24 c. The seller may accept a completed fuel  
122 25 exemption certificate, as prepared by the purchaser,  
122 26 for three years unless the purchaser files a new  
122 27 completed exemption certificate. If the fuel is  
122 28 purchased tax free pursuant to a fuel exemption  
122 29 certificate which is taken by the seller, and the fuel  
122 30 is used or disposed of by the purchaser in a nonexempt  
122 31 manner, the purchaser is solely liable for the taxes,  
122 32 and shall remit the taxes directly to the department  
122 33 and sections 423.31, 423.32, 423.37, 423.38, 423.39,  
122 34 423.40, 423.41, and 423.42 shall apply to the  
122 35 purchaser.  
122 36 d. The purchaser may apply to the department for  
122 37 its review of the fuel exemption certificate. In this  
122 38 event, the department shall review the fuel exemption  
122 39 certificate within twelve months from the date of  
122 40 application and determine the correct amount of the  
122 41 exemption. If the amount determined by the department  
122 42 is different than the amount that the purchaser claims  
122 43 is exempt, the department shall promptly notify the  
122 44 purchaser of the determination. Failure of the  
122 45 department to make a determination within twelve  
122 46 months from the date of application shall constitute a  
122 47 determination that the fuel exemption certificate is  
122 48 correct as submitted. A determination of exemption by  
122 49 the department is final unless the purchaser appeals  
122 50 to the director for a revision of the determination  
123 1 within sixty days after the date of the notice of  
123 2 determination. The director shall grant a hearing,  
123 3 and upon the hearing, the director shall determine the  
123 4 correct exemption and notify the purchaser of the  
123 5 decision by mail. The decision of the director is  
123 6 final unless the purchaser seeks judicial review of  
123 7 the director's decision under section 423.38 within  
123 8 sixty days after the date of the notice of the  
123 9 director's decision. Unless there is a substantial  
123 10 change, the department shall not impose penalties  
123 11 pursuant to section 423.40 both retroactively to  
123 12 purchases made after the date of application and  
123 13 prospectively until the department gives notice to the  
123 14 purchaser that a tax or additional tax is due, for  
123 15 failure to remit any tax due which is in excess of a  
123 16 determination made under this section. A  
123 17 determination made by the department pursuant to this  
123 18 subsection does not constitute an audit for purposes  
123 19 of section 423.37.  
123 20 e. If the circumstances change and the fuel is  
123 21 used or disposed of by the purchaser in a nonexempt  
123 22 manner, the purchaser is solely liable for the taxes  
123 23 and shall remit the taxes directly to the department  
123 24 in accordance with paragraph "c".  
123 25 f. The purchaser shall attach documentation to the  
123 26 fuel exemption certificate which is reasonably  
123 27 necessary to support the exemption for fuel consumed  
123 28 in processing. If the purchaser files a new exemption  
123 29 certificate with the seller, documentation shall not  
123 30 be required if the purchaser previously furnished the  
123 31 seller with this documentation and substantial change  
123 32 has not occurred since that documentation was  
123 33 furnished or if fuel consumed in processing is  
123 34 separately metered and billed by the seller.  
123 35 6. Nothing in this section authorizes any cause of  
123 36 action by any person to recover sales or use taxes  
123 37 directly from the state or extends any person's time  
123 38 to seek a refund of sales or use taxes which have been  
123 39 collected and remitted to the state.  
123 40 Sec. 148. NEW SECTION. 423.46 RATE AND BASE  
123 41 CHANGES.  
123 42 The department shall make a reasonable effort to  
123 43 provide sellers with as much advance notice as  
123 44 practicable of a rate change and to notify sellers of  
123 45 legislative changes in the tax base and amendments to  
123 46 sales and use tax rules. Failure of a seller to  
123 47 receive notice or failure of this state to provide  
123 48 notice or limit the effective date of a rate change  
123 49 shall not relieve the seller of its obligation to  
123 50 collect sales or use taxes for this state.

124 1 Sec. 149. NEW SECTION. 423.47 REFUNDS AND  
124 2 CREDITS.

124 3 If it shall appear that, as a result of mistake, an  
124 4 amount of tax, penalty, or interest has been paid  
124 5 which was not due under the provisions of this  
124 6 chapter, such amount shall be credited against any tax  
124 7 due, or to become due, on the books of the department  
124 8 from the person who made the erroneous payment, or  
124 9 such amount shall be refunded to such person by the  
124 10 department. A claim for refund or credit that has not  
124 11 been filed with the department within three years  
124 12 after the tax payment for which a refund or credit is  
124 13 claimed became due, or one year after such tax payment  
124 14 was made, whichever time is the later, shall not be  
124 15 allowed by the director.

124 16 SUBCHAPTER VI  
124 17 SALES AND USE TAX ACT == ADMINISTRATION OF  
124 18 RETAILERS REGISTERED VOLUNTARILY UNDER THE  
124 19 AGREEMENT

124 20 Sec. 150. NEW SECTION. 423.48 RESPONSIBILITIES  
124 21 AND RIGHTS OF SELLERS REGISTERED UNDER THE AGREEMENT.

124 22 1. By registering under the agreement, the seller  
124 23 agrees to collect and remit sales and use taxes for  
124 24 all its taxable Iowa sales. Iowa's withdrawal from  
124 25 the agreement or revocation of its membership in the  
124 26 agreement shall not relieve a seller from its  
124 27 responsibility to remit taxes previously collected on  
124 28 behalf of this state.

124 29 2. The following provisions apply to any seller  
124 30 who registers under the agreement:

124 31 a. The seller may register on=line.

124 32 b. Registration under the agreement and the  
124 33 collection of Iowa sales and use taxes shall not be  
124 34 used as factors in determining whether the seller has  
124 35 nexus with Iowa for any tax.

124 36 c. If registered under the agreement with any  
124 37 other member state, the seller is considered to be  
124 38 registered in Iowa.

124 39 d. The seller is not required to pay registration  
124 40 fees or other charges.

124 41 e. A written signature from the seller is not  
124 42 required.

124 43 f. The seller may register by way of an agent.

124 44 The agent's appointment shall be in writing and  
124 45 submitted to the department if requested by the  
124 46 department.

124 47 g. The seller may cancel its registration at any  
124 48 time under procedures adopted by the governing board  
124 49 established pursuant to the agreement. Cancellation  
124 50 does not relieve the seller of its liability for  
125 1 remitting any Iowa taxes collected.

125 2 3. The following additional responsibilities and  
125 3 rights apply to model sellers:

125 4 a. A model 1 seller's obligation to calculate,  
125 5 collect, and remit sales and use taxes shall be  
125 6 performed by its certified service provider, except  
125 7 for the seller's obligation to remit tax on its own  
125 8 purchases. As the seller's agent, the certified  
125 9 service provider is liable for its model 1 seller's  
125 10 sales and use tax due Iowa on all sales transactions  
125 11 it processes for the seller except as set out in this  
125 12 section. A seller that contracts with a certified  
125 13 service provider is not liable to the state for sales  
125 14 or use tax due on transactions processed by the  
125 15 certified service provider unless the seller  
125 16 misrepresents the types of items or services it sells  
125 17 or commits fraud. In the absence of probable cause to  
125 18 believe that the seller has committed fraud or made a  
125 19 material misrepresentation, the seller is not subject  
125 20 to audit on the transactions processed by the  
125 21 certified service provider. A model 1 seller is  
125 22 subject to audit for transactions not processed by the  
125 23 certified service provider. The director is  
125 24 authorized to perform a system check of the model 1  
125 25 seller and review the seller's procedures to determine  
125 26 if the certified service provider's system is  
125 27 functioning properly and the extent to which the  
125 28 seller's transactions are being processed by the  
125 29 certified service provider.

125 30 b. A model 2 seller shall calculate the amount of  
125 31 tax due on a transaction by the use of a certified

125 32 automated system, but shall collect and remit tax on  
125 33 its own sales. A person that provides a certified  
125 34 automated system is responsible for the proper  
125 35 functioning of that system and is liable to this state  
125 36 for underpayments of tax attributable to errors in the  
125 37 functioning of the certified automated system. A  
125 38 seller that uses a certified automated system remains  
125 39 responsible and is liable to the state for reporting  
125 40 and remitting tax.

125 41 c. A model 3 seller shall use its own proprietary  
125 42 automated system to calculate tax due and collect and  
125 43 remit tax on its own sales. A model 3 seller is  
125 44 liable for the failure of its proprietary automated  
125 45 system to meet the applicable performance standard.

125 46 Sec. 151. NEW SECTION. 423.49 RETURNS.

125 47 1. All model 1, 2, or 3 sellers are subject to all  
125 48 of the following return requirements:

125 49 a. The seller is required to file only one return  
125 50 per month for this state and for all taxing  
126 1 jurisdictions within this state.

126 2 b. The date for filing returns shall be determined  
126 3 under rules adopted by the director. However, in no  
126 4 case shall the return be due earlier than the  
126 5 twentieth day of the following month.

126 6 c. The director shall request additional  
126 7 information returns. These returns shall not be  
126 8 required more frequently than every six months.

126 9 2. Any registered seller which does not have a  
126 10 legal obligation to register in this state and is not  
126 11 a model 1, 2, or 3 seller is subject to all of the  
126 12 following return requirements:

126 13 a. The seller is required to file a return within  
126 14 one year of the month of initial registration and  
126 15 shall file a return on an annual basis in succeeding  
126 16 years.

126 17 b. In addition to the return required in paragraph  
126 18 "a", if the seller accumulates more than one thousand  
126 19 dollars in total state and local tax, the seller is  
126 20 required to file a return in the following month.

126 21 c. The format of the return and the due date of  
126 22 the initial return and the annual return shall be  
126 23 determined under rules adopted by the department.

126 24 Sec. 152. NEW SECTION. 423.50 REMITTANCE OF  
126 25 FUNDS.

126 26 1. Only one remittance of tax per return is  
126 27 required except as provided in this subsection.  
126 28 Sellers that collect more than thirty thousand dollars  
126 29 in sales and use taxes for this state during the  
126 30 preceding calendar year shall be required to make  
126 31 additional remittances as required under rules adopted  
126 32 by the director. The filing of a return is not  
126 33 required with an additional remittance.

126 34 2. All remittances shall be remitted  
126 35 electronically.

126 36 3. Electronic payments may be made either by  
126 37 automated clearinghouse credit or automated  
126 38 clearinghouse debit. Any data accompanying a  
126 39 remittance must be formatted using uniform tax type  
126 40 and payment codes approved by the governing board  
126 41 established pursuant to the agreement. An alternative  
126 42 method for making same-day payments shall be  
126 43 determined under rules adopted by the director.

126 44 4. If a due date falls on a legal banking holiday  
126 45 in this state, the taxes are due on the succeeding  
126 46 business day.

126 47 Sec. 153. NEW SECTION. 423.51 ADMINISTRATION OF  
126 48 EXEMPTIONS.

126 49 1. The following provisions shall apply when a  
126 50 purchaser claims an exemption:

127 1 a. The seller shall obtain identifying information  
127 2 of the purchaser and the reason for claiming a tax  
127 3 exemption at the time of the purchase as determined by  
127 4 the member states acting jointly.

127 5 b. A purchaser is not required to provide a  
127 6 signature to claim an exemption from tax unless a  
127 7 paper certificate is used.

127 8 c. The seller shall use the standard form for  
127 9 claiming an exemption electronically as adopted  
127 10 jointly by the member states.

127 11 d. The seller shall obtain the same information  
127 12 for proof of a claimed exemption regardless of the

127 13 medium in which the transaction occurred.  
127 14 e. The department may authorize a system wherein  
127 15 the purchaser exempt from the payment of the tax is  
127 16 issued an identification number which shall be  
127 17 presented to the seller at the time of the sale.  
127 18 f. The seller shall maintain proper records of  
127 19 exempt transactions and provide them to the department  
127 20 when requested.  
127 21 g. The department shall administer entity-based  
127 22 and use-based exemptions when practicable through a  
127 23 direct pay tax permit, an exemption certificate, or  
127 24 another means that does not burden sellers. For the  
127 25 purposes of this paragraph:  
127 26 (1) An "entity-based exemption" is an exemption  
127 27 based on who purchases the product or who sells the  
127 28 product.  
127 29 (2) A "use-based exemption" is an exemption based  
127 30 on the purchaser's use of the product.  
127 31 2. Sellers that follow the requirements of this  
127 32 section are relieved from any tax otherwise applicable  
127 33 if it is determined that the purchaser improperly  
127 34 claimed an exemption and that the purchaser is liable  
127 35 for the nonpayment of tax. This relief from liability  
127 36 does not apply to a seller who fraudulently fails to  
127 37 collect the tax or solicits purchasers to participate  
127 38 in the unlawful claim of an exemption.  
127 39 Sec. 154. NEW SECTION. 423.52 RELIEF FROM  
127 40 LIABILITY FOR SELLERS AND CERTIFIED SERVICE PROVIDERS.  
127 41 Sellers and certified service providers are  
127 42 relieved from liability to this state or its local  
127 43 taxing jurisdictions for having charged and collected  
127 44 the incorrect amount of sales or use tax resulting  
127 45 from the seller or certified service provider relying  
127 46 on erroneous data provided by this state on tax rates,  
127 47 boundaries, or taxing jurisdiction assignments. If  
127 48 this state provides an address-based system for  
127 49 assigning taxing jurisdictions whether or not pursuant  
127 50 to the federal Mobile Telecommunications Sourcing Act,  
128 1 the director is not required to provide liability  
128 2 relief for errors resulting from reliance on the  
128 3 information provided by this state.  
128 4 Sec. 155. NEW SECTION. 423.53 BAD DEBTS AND  
128 5 MODEL 1 SELLERS.  
128 6 A certified service provider may claim, on behalf  
128 7 of a model 1 seller, any bad debt deduction as  
128 8 provided in section 423.21. The certified service  
128 9 provider must credit or refund the full amount of any  
128 10 bad debt deduction or refund received to the seller.  
128 11 Sec. 156. NEW SECTION. 423.54 AMNESTY FOR  
128 12 REGISTERED SELLERS.  
128 13 1. Subject to the limitations in subsections 2  
128 14 through 6, the following provisions apply:  
128 15 a. Amnesty is provided for uncollected or unpaid  
128 16 sales or use tax to a seller who registers to pay or  
128 17 to collect and remit applicable sales or use tax on  
128 18 sales made to purchasers in this state in accordance  
128 19 with the terms of the agreement, provided the seller  
128 20 was not so registered in this state in the twelve=  
128 21 month period preceding the commencement of Iowa's  
128 22 participation in the agreement.  
128 23 b. Amnesty precludes assessment of the seller for  
128 24 uncollected or unpaid sales or use tax together with  
128 25 penalty or interest for sales made during the period  
128 26 the seller was not registered in this state, provided  
128 27 registration occurs within twelve months of the  
128 28 commencement of Iowa's participation in the agreement.  
128 29 c. Amnesty shall be provided to any seller  
128 30 lawfully registered under the agreement by any other  
128 31 member state prior to the date of the commencement of  
128 32 Iowa's participation in the agreement.  
128 33 2. Amnesty is not available to a seller with  
128 34 respect to any matter or matters for which the seller  
128 35 received notice of the commencement of an audit and  
128 36 which audit is not yet finally resolved, including any  
128 37 related administrative and judicial processes.  
128 38 3. Amnesty is not available for sales or use taxes  
128 39 already paid or remitted or to taxes collected by the  
128 40 seller.  
128 41 4. Amnesty is fully effective absent the seller's  
128 42 fraud or intentional misrepresentation of a material  
128 43 fact as long as the seller continues registration and

128 44 continues payment or collection and remittance of  
128 45 applicable sales or use taxes for a period of at least  
128 46 thirty=six months. The statute of limitations  
128 47 applicable to asserting a tax liability is tolled  
128 48 during this thirty=six month period.  
128 49 5. Amnesty is applicable only to sales or use  
128 50 taxes due from a seller in its capacity as a seller  
129 1 and not to sales or use taxes due from a seller in its  
129 2 capacity as a buyer.  
129 3 6. The director may allow amnesty on terms and  
129 4 conditions more favorable to a seller than the terms  
129 5 required by this section.  
129 6 Sec. 157. NEW SECTION. 423.55 DATABASES.  
129 7 The department shall provide and maintain databases  
129 8 required by the agreement for the benefit of sellers  
129 9 registered under the agreement.  
129 10 Sec. 158. NEW SECTION. 423.56 CONFIDENTIALITY  
129 11 AND PRIVACY PROTECTIONS UNDER MODEL 1.  
129 12 1. As used in this section:  
129 13 a. "Anonymous data" means information that does  
129 14 not identify a person.  
129 15 b. "Confidential taxpayer information" means all  
129 16 information that is protected under this state's laws,  
129 17 rules, and privileges.  
129 18 c. "Personally identifiable information" means  
129 19 information that identifies a person.  
129 20 2. With very limited exceptions, a certified  
129 21 service provider shall perform its tax calculation,  
129 22 remittance, and reporting functions without retaining  
129 23 the personally identifiable information of consumers.  
129 24 3. A certified service provider may perform its  
129 25 services in this state only if the certified service  
129 26 provider certifies that:  
129 27 a. Its system has been designed and tested to  
129 28 ensure that the fundamental precept of anonymity is  
129 29 respected.  
129 30 b. Personally identifiable information is only  
129 31 used and retained to the extent necessary for the  
129 32 administration of model 1 sellers with respect to  
129 33 exempt purchasers.  
129 34 c. It provides consumers clear and conspicuous  
129 35 notice of its information practices, including what  
129 36 information it collects, how it collects the  
129 37 information, how it uses the information, how long, if  
129 38 at all, it retains the information, and whether it  
129 39 discloses the information to member states. This  
129 40 notice shall be satisfied by a written privacy policy  
129 41 statement accessible by the public on the official web  
129 42 site of the certified service provider.  
129 43 d. Its collection, use, and retention of  
129 44 personally identifiable information is limited to that  
129 45 required by the member states to ensure the validity  
129 46 of exemptions from taxation that are claimed by reason  
129 47 of a consumer's status or the intended use of the  
129 48 goods or services purchased.  
129 49 e. It provides adequate technical, physical, and  
129 50 administrative safeguards so as to protect personally  
130 1 identifiable information from unauthorized access and  
130 2 disclosure.  
130 3 4. The department shall provide public  
130 4 notification of its practices relating to the  
130 5 collection, use, and retention of personally  
130 6 identifiable information.  
130 7 5. When any personally identifiable information  
130 8 that has been collected and retained by the department  
130 9 or certified service provider is no longer required  
130 10 for the purposes set forth in subsection 3, paragraph  
130 11 "d", that information shall no longer be retained by  
130 12 the department or certified service provider.  
130 13 6. When personally identifiable information  
130 14 regarding an individual is retained by or on behalf of  
130 15 this state, this state shall provide reasonable access  
130 16 by such individual to his or her own information in  
130 17 the state's possession and a right to correct any  
130 18 inaccurately recorded information.  
130 19 7. This privacy policy is subject to enforcement  
130 20 by the department and the attorney general.  
130 21 8. This state's laws and rules regarding the  
130 22 collection, use, and maintenance of confidential  
130 23 taxpayer information remain fully applicable and  
130 24 binding. Without limitation, the agreement does not



130 25 enlarge or limit the state's or department's authority  
130 26 to:  
130 27     a. Conduct audits or other review as provided  
130 28 under the agreement and state law.  
130 29     b. Provide records pursuant to its examination of  
130 30 public records law, disclosure laws of individual  
130 31 governmental agencies, or other regulations.  
130 32     c. Prevent, consistent with state law, disclosures  
130 33 of confidential taxpayer information.  
130 34     d. Prevent, consistent with federal law,  
130 35 disclosures or misuse of federal return information  
130 36 obtained under a disclosure agreement with the  
130 37 internal revenue service.  
130 38     e. Collect, disclose, disseminate, or otherwise  
130 39 use anonymous data for governmental purposes.  
130 40     9. This privacy policy does not preclude the  
130 41 certification of a certified service provider whose  
130 42 privacy policy is more protective of confidential  
130 43 taxpayer information or personally identifiable  
130 44 information than is required by the agreement.  
130 45     Sec. 159. NEW SECTION. 423.57 STATUTES  
130 46 APPLICABLE.  
130 47     The director shall administer this subchapter as it  
130 48 relates to the taxes imposed in this chapter in the  
130 49 same manner and subject to all the provisions of, and  
130 50 all of the powers, duties, authority, and restrictions  
131 1 contained in sections 423.14, 423.15, 423.16, 423.17,  
131 2 423.18, 423.19, 423.20, 423.21, 423.22, 423.23,  
131 3 423.24, 423.25, 423.28, 423.29, 423.31, 423.32,  
131 4 423.33, 423.34, 423.35, 423.37, 423.38, 423.39,  
131 5 423.40, 423.41, and 423.42, section 423.43, subsection  
131 6 3, and sections 423.45, 423.46, and 423.47.  
131 7     Sec. 160.  
131 8     1. Sections 422.42 through 422.59, Code 2003, are  
131 9 repealed.  
131 10     2. Chapter 423, Code 2003, is repealed.  
131 11             COORDINATING AMENDMENTS  
131 12     Sec. 161. Section 15.331A, Code 2003, is amended  
131 13 to read as follows:  
131 14     15.331A SALES, SERVICES, AND USE TAX REFUND ==  
131 15 CONTRACTOR OR SUBCONTRACTOR.  
131 16     The eligible business or a supporting business  
131 17 shall be entitled to a refund of the sales and use  
131 18 taxes paid under ~~chapters 422 and chapter~~ 423 for gas,  
131 19 electricity, water, or sewer utility services, goods,  
131 20 wares, or merchandise, or on services rendered,  
131 21 furnished, or performed to or for a contractor or  
131 22 subcontractor and used in the fulfillment of a written  
131 23 contract relating to the construction or equipping of  
131 24 a facility within the economic development area of the  
131 25 eligible business or a supporting business. Taxes  
131 26 attributable to intangible property and furniture and  
131 27 furnishings shall not be refunded.  
131 28     To receive the refund a claim shall be filed by the  
131 29 eligible business or a supporting business with the  
131 30 department of revenue and finance as follows:  
131 31     1. The contractor or subcontractor shall state  
131 32 under oath, on forms provided by the department, the  
131 33 amount of the sales of goods, wares, or merchandise or  
131 34 services rendered, furnished, or performed including  
131 35 water, sewer, gas, and electric utility services for  
131 36 use in the economic development area upon which sales  
131 37 or use tax has been paid prior to the project  
131 38 completion, and shall file the forms with the eligible  
131 39 business or supporting business before final  
131 40 settlement is made.  
131 41     2. The eligible business or a supporting business  
131 42 shall, not more than one year after project  
131 43 completion, make application to the department for any  
131 44 refund of the amount of the sales and use taxes paid  
131 45 pursuant to chapter ~~422 or~~ 423 upon any goods, wares,  
131 46 or merchandise, or services rendered, furnished, or  
131 47 performed, including water, sewer, gas, and electric  
131 48 utility services. The application shall be made in  
131 49 the manner and upon forms to be provided by the  
131 50 department, and the department shall audit the claim  
132 1 and, if approved, issue a warrant to the eligible  
132 2 business or supporting business in the amount of the  
132 3 sales or use tax which has been paid to the state of  
132 4 Iowa under a contract. A claim filed by the eligible  
132 5 business or a supporting business in accordance with

132 6 this section shall not be denied by reason of a  
132 7 limitation provision set forth in chapter 421, ~~422~~, or  
132 8 423.

132 9 3. A contractor or subcontractor who willfully  
132 10 makes a false report of tax paid under the provisions  
132 11 of this section is guilty of a simple misdemeanor and  
132 12 in addition is liable for the payment of the tax and  
132 13 any applicable penalty and interest.

132 14 Sec. 162. Section 15.334A, Code 2003, is amended  
132 15 to read as follows:

132 16 15.334A SALES AND USE TAX EXEMPTION.

132 17 An eligible business may claim an exemption from  
132 18 sales and use taxation under section ~~422.45~~ 423.3,  
132 19 subsection ~~27~~ 46, for property which is exempt from  
132 20 taxation under section 15.334, notwithstanding the  
132 21 requirements of section ~~422.45~~ 423.3, subsection ~~27~~  
132 22 46, or any other provision of the Code to the  
132 23 contrary.

132 24 Sec. 163. Section 15A.9, subsections 5, 6, and 7,  
132 25 Code 2003, are amended to read as follows:

132 26 5. PROPERTY TAX EXEMPTION.

132 27 a. All property, as defined in section 427A.1,  
132 28 subsection 1, paragraphs "e" and "j", Code 1993, used  
132 29 by the primary business or a supporting business and  
132 30 located within the zone, shall be exempt from property  
132 31 taxation for a period of twenty years beginning with  
132 32 the year it is first assessed for taxation. In order  
132 33 to be eligible for this exemption, the property shall  
132 34 be acquired or leased by the primary business or a  
132 35 supporting business or relocated by the primary  
132 36 business or a supporting business to the zone from  
132 37 outside the state prior to project completion.

132 38 b. Property which is exempt for property tax  
132 39 purposes under this subsection is eligible for the  
132 40 sales and use tax exemption under section ~~422.45~~  
132 41 423.3, subsection ~~27~~ 46, notwithstanding that  
132 42 subsection or any other provision of the Code to the  
132 43 contrary.

132 44 6. SALES, SERVICES, AND USE TAX REFUND. Taxes  
132 45 paid pursuant to chapter ~~422~~ or 423 on the ~~gross~~  
132 46 ~~receipts sales price~~ or rental price of property  
132 47 purchased or rented by the primary business or a  
132 48 supporting business for use by the primary business or  
132 49 a supporting business within the zone or on gas,  
132 50 electricity, water, and sewer utility services prior  
133 1 to project completion shall be refunded to the primary  
133 2 business or supporting business if the item was  
133 3 purchased or the service was performed or received  
133 4 prior to project completion. Claims under this  
133 5 section shall be submitted on forms provided by the  
133 6 department of revenue and finance not later than six  
133 7 months after project completion. The refund in this  
133 8 subsection shall not apply to furniture or  
133 9 furnishings, or intangible property.

133 10 7. SALES, SERVICES, AND USE TAX REFUND ==  
133 11 CONTRACTOR OR SUBCONTRACTOR. The primary business or  
133 12 a supporting business shall be entitled to a refund of  
133 13 the sales and use taxes paid under ~~chapters 422 and~~  
133 14 ~~chapter~~ 423 for gas, electricity, water, or sewer  
133 15 utility services, goods, wares, or merchandise, or on  
133 16 services rendered, furnished, or performed to or for a  
133 17 contractor or subcontractor and used in the  
133 18 fulfillment of a written contract relating to the  
133 19 construction or equipping of a facility within the  
133 20 zone of the primary business or a supporting business.  
133 21 Taxes attributable to intangible property and  
133 22 furniture and furnishings shall not be refunded.

133 23 To receive the refund a claim shall be filed by the  
133 24 primary business or a supporting business with the  
133 25 department of revenue and finance as follows:

133 26 a. The contractor or subcontractor shall state  
133 27 under oath, on forms provided by the department, the  
133 28 amount of the sales of goods, wares, or merchandise or  
133 29 services rendered, furnished, or performed including  
133 30 water, sewer, gas, and electric utility services for  
133 31 use in the zone upon which sales or use tax has been  
133 32 paid prior to the project completion, and shall file  
133 33 the forms with the primary business or supporting  
133 34 business before final settlement is made.

133 35 b. The primary business or a supporting business  
133 36 shall, not more than six months after project

133 37 completion, make application to the department for any  
133 38 refund of the amount of the sales and use taxes paid  
133 39 pursuant to chapter ~~422 or~~ 423 upon any goods, wares,  
133 40 or merchandise, or services rendered, furnished, or  
133 41 performed, including water, sewer, gas, and electric  
133 42 utility services. The application shall be made in  
133 43 the manner and upon forms to be provided by the  
133 44 department, and the department shall audit the claim  
133 45 and, if approved, issue a warrant to the primary  
133 46 business or supporting business in the amount of the  
133 47 sales or use tax which has been paid to the state of  
133 48 Iowa under a contract. A claim filed by the primary  
133 49 business or a supporting business in accordance with  
133 50 this subsection shall not be denied by reason of a  
134 1 limitation provision set forth in chapter 421, 422, or  
134 2 423.

134 3 c. A contractor or subcontractor who willfully  
134 4 makes a false report of tax paid under the provisions  
134 5 of this subsection is guilty of a simple misdemeanor  
134 6 and in addition is liable for the payment of the tax  
134 7 and any applicable penalty and interest.

134 8 Sec. 164. Section 28A.17, unnumbered paragraph 1,  
134 9 Code 2003, is amended to read as follows:

134 10 If an authority is established as provided in  
134 11 section 28A.6 and after approval of a referendum by a  
134 12 simple majority of votes cast in each metropolitan  
134 13 area in favor of the sales and services tax, the  
134 14 governing board of a county in this state within a  
134 15 metropolitan area which is part of the authority shall  
134 16 impose, at the request of the authority, a local sales  
134 17 and services tax at the rate of one-fourth of one  
134 18 percent on ~~gross receipts~~ the sales price taxed by  
134 19 this state under ~~chapter 422, division IV section~~  
134 20 ~~423.2~~, within the metropolitan area located in this  
134 21 state. The referendum shall be called by resolution  
134 22 of the board and shall be held as provided in section  
134 23 28A.6 to the extent applicable. The ballot  
134 24 proposition shall contain a statement as to the  
134 25 specific purpose or purposes for which the revenues  
134 26 shall be expended and the date of expiration of the  
134 27 tax. The local sales and services tax shall be  
134 28 imposed on the same basis, with the same exceptions,  
134 29 and following the same administrative procedures as  
134 30 provided for a county under sections 422B.8 and  
134 31 422B.9. The amount of the sale, for the purposes of  
134 32 determining the amount of the local sales and services  
134 33 tax under this section, does not include the amount of  
134 34 any local sales and services tax imposed under  
134 35 sections 422B.8 and 422B.9.

134 36 Sec. 165. Section 29C.15, Code 2003, is amended to  
134 37 read as follows:

134 38 29C.15 TAX=EXEMPT PURCHASES.

134 39 All purchases under the provisions of this chapter  
134 40 shall be exempt from the taxes imposed by sections  
134 41 ~~422.43 423.2~~ and ~~423.2 423.5~~.

134 42 Sec. 166. Section 99E.10, subsection 1, paragraph  
134 43 b, Code 2003, is amended to read as follows:

134 44 b. An amount equal to the product of the state  
134 45 sales tax rate under section ~~422.43 423.2~~ multiplied  
134 46 by the gross sales price of each ticket or share sold  
134 47 shall be deducted as the sales tax on the sale of that  
134 48 ticket or share, remitted to the treasurer of state  
134 49 and deposited into the state general fund.

134 50 Sec. 167. Section 123.187, subsection 2, Code  
135 1 2003, is amended to read as follows:

135 2 2. A winery licensed or permitted pursuant to laws  
135 3 regulating alcoholic beverages in a state which  
135 4 affords this state an equal reciprocal shipping  
135 5 privilege may ship into this state by private common  
135 6 carrier, to a person twenty-one years of age or older,  
135 7 not more than eighteen liters of wine per month, for  
135 8 consumption or use by the person. Such wine shall not  
135 9 be resold. Shipment of wine pursuant to this  
135 10 subsection is not subject to sales tax under section  
135 11 ~~422.43 423.2~~, use tax under section ~~423.2 423.~~  
135 12 the wine gallonage tax under section 123.183, and does

135 13 not require a refund value for beverage container

135 14 control purposes under chapter 455C.

135 15 Sec. 168. Section 262.54, Code 2003, is amended to  
135 16 read as follows:

135 17 262.54 COMPUTER SALES.

135 18 Sales, by an institution under the control of the  
135 19 board of regents, of computer equipment, computer  
135 20 software, and computer supplies to students and  
135 21 faculty at the institution are retail sales under  
135 22 chapter 422, division IV 423.  
135 23 Sec. 169. Section 303.9, subsection 2, Code 2003,  
135 24 is amended to read as follows:  
135 25 2. The department may sell mementos and other  
135 26 items relating to Iowa history and historic sites on  
135 27 the premises of property under control of the  
135 28 department and at the state capitol. Notwithstanding  
135 29 sections 18.12 and 18.16, the department may directly  
135 30 and independently enter into rental and lease  
135 31 agreements with private vendors for the purpose of  
135 32 selling mementos. All fees and income produced by the  
135 33 sales and rental or lease agreements shall be credited  
135 34 to the account of the department. The mementos and  
135 35 other items sold by the department or vendors under  
135 36 this subsection are exempt from section 18.6. ~~The~~  
135 37 ~~department is not a retailer under chapter 422 and the~~  
135 38 ~~sale of such mementos and other items by the~~  
135 39 ~~department is not a retail sale under chapter 422 and~~  
135 40 ~~is exempt from the sales tax.~~  
135 41 Sec. 170. Section 312.1, subsection 4, Code 2003,  
135 42 is amended to read as follows:  
135 43 4. To the extent provided in section ~~423.24~~  
135 44 ~~423.43~~, subsection 1, paragraph "b", from revenue  
135 45 derived from the use tax, under chapter 423 on motor  
135 46 vehicles, trailers, and motor vehicle accessories and  
135 47 equipment.  
135 48 Sec. 171. Section 312.2, subsections 14 and 16,  
135 49 Code 2003, are amended to read as follows:  
135 50 14. The treasurer of state, before making the  
136 1 allotments provided for in this section, shall credit  
136 2 monthly from the road use tax fund to the general fund  
136 3 of the state from revenue credited to the road use tax  
136 4 fund under section ~~423.24~~ ~~423.43~~, subsection 1,  
136 5 paragraph "b", an amount equal to one-twentieth of  
136 6 eighty percent of the revenue from the operation of  
136 7 section ~~423.7~~ ~~423.26~~.  
136 8 There is appropriated from the general fund of the  
136 9 state for each fiscal year to the state department of  
136 10 transportation the amount of revenues credited to the  
136 11 general fund of the state during the fiscal year under  
136 12 this subsection to be used for purposes of public  
136 13 transit assistance under chapter 324A.  
136 14 16. The treasurer of state, before making the  
136 15 allotments provided for in this section, shall credit  
136 16 monthly from the road use tax fund to the motorcycle  
136 17 rider education fund established in section 321.180B,  
136 18 an amount equal to one dollar per year of license  
136 19 validity for each issued or renewed driver's license  
136 20 which is valid for the operation of a motorcycle.  
136 21 Moneys credited to the motorcycle rider education fund  
136 22 under this subsection shall be taken from moneys  
136 23 credited to the road use tax fund under section ~~423.24~~  
136 24 ~~423.43~~.  
136 25 Sec. 172. Section 321.20, subsection 5, Code 2003,  
136 26 is amended to read as follows:  
136 27 5. The amount of tax to be paid under section  
136 28 ~~423.7~~ ~~423.26~~.  
136 29 Sec. 173. Section 321.24, subsections 1 and 3,  
136 30 Code 2003, are amended to read as follows:  
136 31 1. Upon receipt of the application for title and  
136 32 payment of the required fees for a motor vehicle,  
136 33 trailer, or semitrailer, the county treasurer or the  
136 34 department shall, when satisfied as to the  
136 35 application's genuineness and regularity, and, in the  
136 36 case of a mobile home or manufactured home, that taxes  
136 37 are not owing under chapter 435, issue a certificate  
136 38 of title and, except for a mobile home or manufactured  
136 39 home, a registration receipt, and shall file the  
136 40 application, the manufacturer's or importer's  
136 41 certificate, the certificate of title, or other  
136 42 evidence of ownership, as prescribed by the  
136 43 department. The registration receipt shall be  
136 44 delivered to the owner and shall contain upon its face  
136 45 the date issued, the name and address of the owner,  
136 46 the registration number assigned to the vehicle, the  
136 47 amount of the fee paid, the amount of tax paid  
136 48 pursuant to section ~~423.7~~ ~~423.26~~, the type of fuel

136 49 used, and a description of the vehicle as determined  
136 50 by the department, and upon the reverse side a form  
137 1 for notice of transfer of the vehicle. The name and  
137 2 address of any lessee of the vehicle shall not be  
137 3 printed on the registration receipt or certificate of  
137 4 title. Up to three owners may be listed on the  
137 5 registration receipt and certificate of title.  
137 6 3. The certificate of title shall contain upon its  
137 7 face the identical information required upon the face  
137 8 of the registration receipt. In addition, the  
137 9 certificate of title shall contain a statement of the  
137 10 owner's title, the title number assigned to the owner  
137 11 or owners of the vehicle, the amount of tax paid  
137 12 pursuant to section ~~423.7~~ 423.26, the name and address  
137 13 of the previous owner, and a statement of all security  
137 14 interests and encumbrances as shown in the  
137 15 application, upon the vehicle described, including the  
137 16 nature of the security interest, date of notation, and  
137 17 name and address of the secured party.  
137 18 Sec. 174. Section 321.34, subsection 7, paragraph  
137 19 c, Code 2003, is amended to read as follows:  
137 20 c. The fees for a collegiate registration plate  
137 21 are as follows:  
137 22 (1) A registration fee of twenty-five dollars.  
137 23 (2) A special collegiate registration fee of  
137 24 twenty-five dollars.  
137 25 These fees are in addition to the regular annual  
137 26 registration fee. The fees collected by the director  
137 27 under this subsection shall be paid monthly to the  
137 28 treasurer of state and credited by the treasurer of  
137 29 state to the road use tax fund. Notwithstanding  
137 30 section ~~423.24~~ 423.43 and prior to the revenues being  
137 31 credited to the road use tax fund under section ~~423.24~~  
137 32 423.43, subsection 1, paragraph "b", the treasurer of  
137 33 state shall credit monthly from those revenues  
137 34 respectively, to Iowa state university of science and  
137 35 technology, the university of northern Iowa, and the  
137 36 state university of Iowa, the amount of the special  
137 37 collegiate registration fees collected in the previous  
137 38 month for collegiate registration plates designed for  
137 39 the university. The moneys credited are appropriated  
137 40 to the respective universities to be used for  
137 41 scholarships for students attending the universities.  
137 42 Sec. 175. Section 321.34, subsection 11, paragraph  
137 43 c, Code 2003, is amended to read as follows:  
137 44 c. The special natural resources fee for letter  
137 45 number designated natural resources plates is thirty=  
137 46 five dollars. The fee for personalized natural  
137 47 resources plates is forty-five dollars which shall be  
137 48 paid in addition to the special natural resources fee  
137 49 of thirty-five dollars. The fees collected by the  
137 50 director under this subsection shall be paid monthly  
138 1 to the treasurer of state and credited to the road use  
138 2 tax fund. Notwithstanding section ~~423.24~~ 423.43, and  
138 3 prior to the crediting of revenues to the road use tax  
138 4 fund under section ~~423.24~~ 423.43, subsection 1,  
138 5 paragraph "b", the treasurer of state shall credit  
138 6 monthly from those revenues to the Iowa resources  
138 7 enhancement and protection fund created pursuant to  
138 8 section 455A.18, the amount of the special natural  
138 9 resources fees collected in the previous month for the  
138 10 natural resources plates.  
138 11 Sec. 176. Section 321.34, subsection 11A,  
138 12 paragraph c, Code 2003, is amended to read as follows:  
138 13 c. The special fee for letter number designated  
138 14 love our kids plates is thirty-five dollars. The fee  
138 15 for personalized love our kids plates is twenty-five  
138 16 dollars, which shall be paid in addition to the  
138 17 special love our kids fee of thirty-five dollars. The  
138 18 fees collected by the director under this subsection  
138 19 shall be paid monthly to the treasurer of state and  
138 20 credited to the road use tax fund. Notwithstanding  
138 21 section ~~423.24~~ 423.43, and prior to the crediting of  
138 22 revenues to the road use tax fund under section ~~423.24~~  
138 23 423.43, subsection 1, paragraph "b", the treasurer of  
138 24 state shall transfer monthly from those revenues to  
138 25 the Iowa department of public health the amount of the  
138 26 special fees collected in the previous month for the  
138 27 love our kids plates. Notwithstanding section 8.33,  
138 28 moneys transferred under this subsection shall not  
138 29 revert to the general fund of the state.

138 30 Sec. 177. Section 321.34, subsection 11B,  
138 31 paragraph c, Code 2003, is amended to read as follows:  
138 32 c. The special fee for letter number designated  
138 33 motorcycle rider education plates is thirty=five  
138 34 dollars. The fee for personalized motorcycle rider  
138 35 education plates is twenty=five dollars, which shall  
138 36 be paid in addition to the special motorcycle rider  
138 37 education fee of thirty=five dollars. The fees  
138 38 collected by the director under this subsection shall  
138 39 be paid monthly to the treasurer of state and credited  
138 40 to the road use tax fund. Notwithstanding section  
138 41 ~~423.24~~ 423.43, and prior to the crediting of revenues  
138 42 to the road use tax fund under section ~~423.24~~ 423.43,  
138 43 subsection 1, paragraph "b", the treasurer of state  
138 44 shall transfer monthly from those revenues to the  
138 45 department for use in accordance with section  
138 46 321.180B, subsection 6, the amount of the special fees  
138 47 collected in the previous month for the motorcycle  
138 48 rider education plates.

138 49 Sec. 178. Section 321.34, subsection 13, paragraph  
138 50 d, Code 2003, is amended to read as follows:  
139 1 d. A state agency may submit a request to the  
139 2 department recommending a special registration plate.  
139 3 The alternate fee for letter number designated plates  
139 4 is thirty=five dollars with a ten dollar annual  
139 5 special renewal fee. The fee for personalized plates  
139 6 is twenty=five dollars which is in addition to the  
139 7 alternative fee of thirty=five dollars with an annual  
139 8 personalized plate renewal fee of five dollars which  
139 9 is in addition to the special renewal fee of ten  
139 10 dollars. The alternate fees are in addition to the  
139 11 regular annual registration fee. The alternate fees  
139 12 collected under this paragraph shall be paid monthly  
139 13 to the treasurer of state and credited to the road use  
139 14 tax fund. Notwithstanding section ~~423.24~~ 423.43, and  
139 15 prior to the crediting of the revenues to the road use  
139 16 tax fund under section ~~423.24~~ 423.43, subsection 1,  
139 17 paragraph "b", the treasurer of state shall credit  
139 18 monthly the amount of the alternate fees collected in  
139 19 the previous month to the state agency that  
139 20 recommended the special registration plate.

139 21 Sec. 179. Section 321.34, subsection 21, paragraph  
139 22 c, Code 2003, is amended to read as follows:  
139 23 c. The special fees collected by the director  
139 24 under this subsection shall be paid monthly to the  
139 25 treasurer of state and credited to the road use tax  
139 26 fund. Notwithstanding section ~~423.24~~ 423.43, and  
139 27 prior to the crediting of revenues to the road use tax  
139 28 fund under section ~~423.24~~ 423.43, subsection 1,  
139 29 paragraph "b", the treasurer of state shall credit  
139 30 monthly to the Iowa heritage fund created under  
139 31 section 303.9A the amount of the special fees  
139 32 collected in the previous month for the Iowa heritage  
139 33 plates.

139 34 Sec. 180. Section 321.34, subsection 22, paragraph  
139 35 b, Code 2003, is amended to read as follows:  
139 36 b. The special school transportation fee for  
139 37 letter number designated education plates is thirty=  
139 38 five dollars. The fee for personalized education  
139 39 plates is twenty=five dollars, which shall be paid in  
139 40 addition to the special school transportation fee of  
139 41 thirty=five dollars. The annual special school  
139 42 transportation fee is ten dollars for letter number  
139 43 designated registration plates and is fifteen dollars  
139 44 for personalized registration plates which shall be  
139 45 paid in addition to the regular annual registration  
139 46 fee. The fees collected by the director under this  
139 47 subsection shall be paid monthly to the treasurer of  
139 48 state and credited to the road use tax fund.  
139 49 Notwithstanding section ~~423.24~~ 423.43, and prior to  
139 50 the crediting of revenues to the road use tax fund  
140 1 under section ~~423.24~~ 423.43, subsection 1, paragraph  
140 2 "b", the treasurer of state shall transfer monthly  
140 3 from those revenues to the school budget review  
140 4 committee in accordance with section 257.31,  
140 5 subsection 17, the amount of the special school  
140 6 transportation fees collected in the previous month  
140 7 for the education plates.

140 8 Sec. 181. Section 321F.9, Code 2003, is amended to  
140 9 read as follows:  
140 10 321F.9 OPTION TO PURCHASE == DEALER'S LICENSE.

140 11 Any person engaged in business in this state shall  
140 12 not enter into any agreement for the use of a motor  
140 13 vehicle under the terms of which ~~such that~~ person  
140 14 grants to another an option to purchase ~~such the~~ motor  
140 15 vehicle without first having obtained a motor vehicle  
140 16 dealer's license under the provisions of chapter 322,  
140 17 and all sales of motor vehicles under such options  
140 18 shall be subject to sales or use taxes imposed under  
140 19 the provisions of ~~chapters 422 and chapter~~ 423.  
140 20 Nothing contained in this section shall require such  
140 21 person to have a place of business as provided by  
140 22 section 322.6, subsection 8.

140 23 Sec. 182. Section 327I.26, Code 2003, is amended  
140 24 to read as follows:

140 25 327I.26 APPROPRIATION TO AUTHORITY.

140 26 Notwithstanding section ~~423.24~~ 423.43, and prior to  
140 27 the application of section ~~423.24~~ 423.43, subsection  
140 28 1, paragraph "b", there shall be deposited into the  
140 29 general fund of the state and is appropriated to the  
140 30 authority from eighty percent of the revenues derived  
140 31 from the operation of section ~~423.7~~ 423.26, the  
140 32 amounts certified by the authority under section  
140 33 327I.25. However, the total amount deposited into the  
140 34 general fund and appropriated to the Iowa railway  
140 35 finance authority under this section shall not exceed  
140 36 two million dollars annually. Moneys appropriated to  
140 37 the Iowa railway finance authority under this section  
140 38 are appropriated only for the payment of principal and  
140 39 interest on obligations or the payment of leases  
140 40 guaranteed by the authority as provided under section  
140 41 327I.25.

140 42 Sec. 183. Section 328.26, unnumbered paragraph 2,  
140 43 Code 2003, is amended to read as follows:

140 44 When an aircraft is registered to a person for the  
140 45 first time the fee submitted to the department shall  
140 46 include the tax imposed by section ~~422.43~~ 423.2 or  
140 47 section ~~423.2~~ 423.5 or evidence of the exemption of  
140 48 the aircraft from the tax imposed under section ~~422.43~~  
140 49 423.2 or ~~423.2~~ 423.5.

140 50 Sec. 184. Section 331.557, subsection 3, Code  
141 1 2003, is amended to read as follows:

141 2 3. Collect the use tax on vehicles subject to  
141 3 registration as provided in sections ~~423.6, 423.7, and~~  
141 4 ~~423.7A~~ 423.14, 423.26, and 423.27.

141 5 Sec. 185. Section 357A.15, unnumbered paragraph 2,  
141 6 Code 2003, is amended to read as follows:

141 7 A rural water district organized under chapter 504A  
141 8 shall receive a refund of sales or use taxes upon  
141 9 submitting an application to the department of revenue  
141 10 and finance for ~~such the~~ refund of taxes imposed upon  
141 11 the ~~gross receipts sales price~~ of all sales of  
141 12 building materials, supplies, or equipment sold to a  
141 13 contractor or used in the fulfillment of a written  
141 14 contract for the construction of facilities for ~~such~~  
141 15 ~~the~~ rural water district to the same extent as a rural  
141 16 water district organized under this chapter may obtain  
141 17 a refund under section ~~422.45~~ 423.4, subsection 7 141 18 Sec. 186. Section 421.10,  
Code 2003, is amended to

141 19 read as follows:

141 20 421.10 APPEAL PERIOD == APPLICABILITY.

141 21 The appeal period for revision of assessment of  
141 22 tax, interest, and penalties set out under section  
141 23 ~~422.28, 422.54~~ 423.37, 437A.9, 437A.22, 452A.64,  
141 24 453A.29, or 453A.46 applies to appeals to notices from  
141 25 the department denying changes in filing methods,  
141 26 denying refund claims, and denying portions of refund  
141 27 claims for the tax covered by that section, and  
141 28 notices of any department action directed to a  
141 29 specific taxpayer, other than licensing, which  
141 30 involves a calculation.

141 31 Sec. 187. Section 421.17, subsection 22B, Code  
141 32 2003, is amended to read as follows:

141 33 22B. ~~Enter To enter~~ into agreements or compacts  
141 34 with remote sellers, retailers, or third-party  
141 35 providers for the voluntary collection of Iowa sales  
141 36 or use taxes attributable to sales into Iowa ~~and to~~  
141 37 ~~enter~~. ~~The director has the authority to enter into~~  
141 38 ~~and perform all duties required of the office of~~  
141 39 ~~director by~~ multistate agreements or compacts that  
141 40 provide for the ~~voluntary~~ collection of sales and use  
141 41 taxes, including joint audits with other states or

141 42 audits on behalf of other states. The agreements or  
141 43 compacts shall generally conform to the provisions of  
141 44 Iowa sales and use tax statutes. All fees for  
141 45 services, reimbursements, remuneration, incentives,  
141 46 and costs incurred by the department associated with  
141 47 these agreements or compacts may be paid or reimbursed  
141 48 from the additional revenue generated. An amount is  
141 49 appropriated from amounts generated to pay or  
141 50 reimburse all costs associated with this subsection.  
142 1 Persons entering into an agreement or compact with the  
142 2 department pursuant to this subsection are subject to  
142 3 the requirements and penalties of the confidentiality  
142 4 laws of this state regarding tax information.  
142 5 Notwithstanding any other provisions of law, the  
142 6 contract, agreement, or compact shall provide for the  
142 7 registration, collection, report, and verification of  
142 8 amounts subject to this subsection.  
142 9 Sec. 188. Section 421.17, subsection 29, paragraph  
142 10 j, Code 2003, is amended to read as follows:  
142 11 j. The department's existing right to credit  
142 12 against tax due or to become due under section 422.73  
142 13 or 423.47 is not to be impaired by a right granted to  
142 14 or a duty imposed upon the department or other state  
142 15 agency by this subsection. This subsection is not  
142 16 intended to impose upon the department any additional  
142 17 requirement of notice, hearing, or appeal concerning  
142 18 the right to credit against tax due under section  
142 19 422.73 or 423.47.  
142 20 Sec. 189. Section 421.17, subsection 34, paragraph  
142 21 i, Code 2003, is amended to read as follows:  
142 22 i. The director may distribute to credit reporting  
142 23 entities and for publication the names, addresses, and  
142 24 amounts of indebtedness owed to or being collected by  
142 25 the state if the indebtedness is subject to the  
142 26 centralized debt collection procedure established in  
142 27 this subsection. The director shall adopt rules to  
142 28 administer this paragraph, and the rules shall provide  
142 29 guidelines by which the director shall determine which  
142 30 names, addresses, and amounts of indebtedness may be  
142 31 distributed for publication. The director may  
142 32 distribute information for publication pursuant to  
142 33 this paragraph, notwithstanding sections 422.20,  
142 34 422.72, and ~~423.23~~ 423.42, or any other provision of  
142 35 state law to the contrary pertaining to  
142 36 confidentiality of information.  
142 37 Sec. 190. Section 421.26, Code 2003, is amended to  
142 38 read as follows:  
142 39 421.26 PERSONAL LIABILITY FOR TAX DUE.  
142 40 If a licensee or other person under section  
142 41 452A.65, a retailer or purchaser under chapter 422A or  
142 42 422B, or section ~~422.52~~ 423.31 or 423.33, or a  
142 43 retailer or purchaser under section ~~423.13~~ 423.32 or a  
142 44 user under section ~~423.14~~ 423.34 fails to pay a tax  
142 45 under those sections when due, an officer of a  
142 46 corporation or association, notwithstanding sections  
142 47 490A.601 and 490A.602, a member or manager of a  
142 48 limited liability company, or a partner of a  
142 49 partnership, having control or supervision of or the  
142 50 authority for remitting the tax payments and having a  
143 1 substantial legal or equitable interest in the  
143 2 ownership of the corporation, association, limited  
143 3 liability company, or partnership, who has  
143 4 intentionally failed to pay the tax is personally  
143 5 liable for the payment of the tax, interest, and  
143 6 penalty due and unpaid. However, this section shall  
143 7 not apply to taxes on accounts receivable. The  
143 8 dissolution of a corporation, association, limited  
143 9 liability company, or partnership shall not discharge  
143 10 a person's liability for failure to remit the tax due.  
143 11 Sec. 191. Section 421.28, Code 2003, is amended to  
143 12 read as follows:  
143 13 421.28 EXCEPTIONS TO SUCCESSOR LIABILITY.  
143 14 The immediate successor to a licensee's or  
143 15 retailer's business or stock of goods under chapter  
143 16 422A or 422B, or section ~~422.52, 423.13, 423.14,~~  
143 17 423.33 or 452A.65, is not personally liable for the  
143 18 amount of delinquent tax, interest, or penalty due and  
143 19 unpaid if the immediate successor shows that the  
143 20 purchase of the business or stock of goods was made in  
143 21 good faith that no delinquent tax, interest, or  
143 22 penalty was due and unpaid. For purposes of this



143 23 section the immediate successor shows good faith by  
143 24 evidence that the department had provided the  
143 25 immediate successor with a certified statement that no  
143 26 delinquent tax, interest, or penalty is unpaid, or  
143 27 that the immediate successor had taken in good faith a  
143 28 certified statement from the licensee, retailer, or  
143 29 seller that no delinquent tax, interest, or penalty is  
143 30 unpaid. When requested to do so by a person with whom  
143 31 the licensee or retailer is negotiating the sale of  
143 32 the business or stock of goods, the director of  
143 33 revenue and finance shall, upon being satisfied that  
143 34 such a situation exists, inform that person as to the  
143 35 amount of unpaid delinquent tax, interest, or penalty  
143 36 due by the licensee or the retailer. The giving of  
143 37 the information under this circumstance is not a  
143 38 violation of section 422.20, 422.72, or 452A.63.

143 39 Sec. 192. Section 421B.11, unnumbered paragraph 3,  
143 40 Code 2003, is amended to read as follows:

143 41 Judicial review of the actions of the director may  
143 42 be sought in accordance with the terms of the Iowa  
143 43 administrative procedure Act, and section ~~422.55~~  
143 44 ~~423.38~~.

143 45 Sec. 193. Section 422.7, subsection 21, paragraph  
143 46 a, subparagraph (1), unnumbered paragraph 1, Code  
143 47 2003, is amended to read as follows:

143 48 Net capital gain from the sale of real property  
143 49 used in a business, in which the taxpayer materially  
143 50 participated for ten years, as defined in section  
144 1 469(h) of the Internal Revenue Code, and which has  
144 2 been held for a minimum of ten years, or from the sale  
144 3 of a business, as defined in section ~~422.42~~ ~~423.1~~, in  
144 4 which the taxpayer was employed or in which the  
144 5 taxpayer materially participated for ten years, as  
144 6 defined in section 469(h) of the Internal Revenue  
144 7 Code, and which has been held for a minimum of ten  
144 8 years. The sale of a business means the sale of all  
144 9 or substantially all of the tangible personal property  
144 10 or service of the business.

144 11 Sec. 194. Section 422.73, subsection 1, Code 2003,  
144 12 is amended by striking the subsection.

144 13 Sec. 195. Section 422A.1, unnumbered paragraphs 1,  
144 14 3, 7, and 8, Code 2003, are amended to read as  
144 15 follows:

144 16 A city or county may impose by ordinance of the  
144 17 city council or by resolution of the board of  
144 18 supervisors a hotel and motel tax, at a rate not to  
144 19 exceed seven percent, which shall be imposed in  
144 20 increments of one or more full percentage points upon  
144 21 the ~~gross receipts sales price~~ from the renting of  
144 22 sleeping rooms, apartments, or sleeping quarters in a  
144 23 hotel, motel, inn, public lodging house, rooming  
144 24 house, manufactured or mobile home which is tangible  
144 25 personal property, or tourist court, or in any place  
144 26 where sleeping accommodations are furnished to  
144 27 transient guests for rent, whether with or without  
144 28 meals; except the ~~gross receipts sales price~~ from the  
144 29 renting of sleeping rooms in dormitories and in  
144 30 memorial unions at all universities and colleges  
144 31 located in the state of Iowa and the guests of a  
144 32 religious institution if the property is exempt under  
144 33 section 427.1, subsection 8, and the purpose of  
144 34 renting is to provide a place for a religious retreat  
144 35 or function and not a place for transient guests  
144 36 generally. The tax when imposed by a city shall apply  
144 37 only within the corporate boundaries of that city and  
144 38 when imposed by a county shall apply only outside  
144 39 incorporated areas within that county. "Renting" and  
144 40 "rent" include any kind of direct or indirect charge  
144 41 for such sleeping rooms, apartments, or sleeping  
144 42 quarters, or their use. However, the tax does not  
144 43 apply to the ~~gross receipts sales price~~ from the  
144 44 renting of a sleeping room, apartment, or sleeping  
144 45 quarters while rented by the same person for a period  
144 46 of more than thirty-one consecutive days.

144 47 A local hotel and motel tax shall be imposed on  
144 48 January 1, April 1, July 1, or October 1, following  
144 49 the notification of the director of revenue and  
144 50 finance. Once imposed, the tax shall remain in effect  
145 1 at the rate imposed for a minimum of one year. A  
145 2 local hotel and motel tax shall terminate only on  
145 3 March 31, June 30, September 30, or December 31. At

145 4 ~~least forty-five sixty~~ days prior to the tax being  
145 5 effective or prior to a revision in the tax rate, or  
145 6 prior to the repeal of the tax, a city or county shall  
145 7 provide notice by mail of such action to the director  
145 8 of revenue and finance.  
145 9 No tax permit other than the state sales tax permit  
145 10 required under section ~~422.53~~ 423.36 may be required  
145 11 by local authorities.  
145 12 The tax levied shall be in addition to any state  
145 13 sales tax imposed under section ~~422.43~~ 423.2. Section  
145 14 422.25, subsection 4, sections 422.30, ~~422.48 to~~  
145 15 ~~422.52, 422.54 to 422.58, 422.67, and 422.68, section~~  
145 16 422.69, subsection 1, and sections 422.70 to 422.75,  
145 17 section 423.14, subsection 1, and sections 423.23,  
145 18 423.24, 423.25, 423.31, 423.33, 423.35, 423.37 to  
145 19 423.42, and 423.47, consistent with the provisions of  
145 20 this chapter, apply with respect to the taxes  
145 21 authorized under this chapter, in the same manner and  
145 22 with the same effect as if the hotel and motel taxes  
145 23 were retail sales taxes within the meaning of those  
145 24 statutes. Notwithstanding this paragraph, the  
145 25 director shall provide for quarterly filing of returns  
145 26 ~~as prescribed in section 422.51~~ and for other than  
145 27 quarterly filing of returns both as prescribed in  
145 28 section ~~422.51, subsection 2~~ 423.31. The director may  
145 29 require all persons, as defined in section ~~422.42~~  
145 30 423.1, who are engaged in the business of deriving  
145 31 ~~gross receipts~~ any sales price subject to tax under  
145 32 this chapter, to register with the department.  
145 33 Sec. 196. Section 422B.8, Code 2003, is amended to  
145 34 read as follows:  
145 35 422B.8 LOCAL SALES AND SERVICES TAX.  
145 36 A local sales and services tax at the rate of not  
145 37 more than one percent may be imposed by a county on  
145 38 the ~~gross receipts sales price~~ taxed by the state  
145 39 under chapter ~~422~~ 423, division IV subchapter  
145 40 local sales and services tax shall be imposed on the  
145 41 same basis as the state sales and services tax or in  
145 42 the case of the use of natural gas, natural gas  
145 43 service, electricity, or electric service on the same  
145 44 basis as the state use tax and shall not be imposed on  
145 45 the sale of any property or on any service not taxed  
145 46 by the state, except the tax shall not be imposed on  
145 47 the ~~gross receipts~~ sales price from the sale of motor  
145 48 fuel or special fuel as defined in chapter 452A which  
145 49 is consumed for highway use or in watercraft or  
145 50 aircraft if the fuel tax is paid on the transaction  
146 1 and a refund has not or will not be allowed, on the  
146 2 ~~gross receipts sales price~~ from the rental of rooms,  
146 3 apartments, or sleeping quarters which are taxed under  
146 4 chapter 422A during the period the hotel and motel tax  
146 5 is imposed, on the ~~gross receipts sales price~~ from the  
146 6 sale of equipment by the state department of  
146 7 transportation, on the ~~gross receipts sales price~~ from  
146 8 the sale of self-propelled building equipment, pile  
146 9 drivers, motorized scaffolding, or attachments  
146 10 customarily drawn or attached to self-propelled  
146 11 building equipment, pile drivers, and motorized  
146 12 scaffolding, including auxiliary attachments which  
146 13 improve the performance, safety, operation, or  
146 14 efficiency of the equipment and replacement parts and  
146 15 are directly and primarily used by contractors,  
146 16 subcontractors, and builders for new construction,  
146 17 reconstruction, alterations, expansion, or remodeling  
146 18 of real property or structures, and on the ~~gross~~  
146 19 ~~receipts sales price~~ from the sale of a lottery ticket  
146 20 or share in a lottery game conducted pursuant to  
146 21 chapter 99E and except the tax shall not be imposed on  
146 22 the ~~gross receipts sales price~~ from the sale or use of  
146 23 natural gas, natural gas service, electricity, or  
146 24 electric service in a city or county where the ~~gross~~  
146 25 ~~receipts sales price~~ from the sale of natural gas or  
146 26 electric energy are subject to a franchise fee or user  
146 27 fee during the period the franchise or user fee is  
146 28 imposed. A local sales and services tax is applicable  
146 29 to transactions within those incorporated and  
146 30 unincorporated areas of the county where it is imposed  
146 31 and shall be collected by all persons required to  
146 32 collect state ~~gross receipts sales~~ taxes. However, a  
146 33 person required to collect state retail sales tax  
146 34 under chapter ~~422~~ 423, division IV subchapter

146 35 is not required to collect local sales and services  
146 36 tax on transactions delivered within the area where  
146 37 the local sales and services tax is imposed unless the  
146 38 person has physical presence in that taxing area. All  
146 39 cities contiguous to each other shall be treated as  
146 40 part of one incorporated area and the tax would be  
146 41 imposed in each of those contiguous cities only if the  
146 42 majority of those voting in the total area covered by  
146 43 the contiguous cities favor its imposition.

146 44 The amount of the sale, for purposes of determining  
146 45 the amount of the local sales and services tax, does  
146 46 not include the amount of any state ~~gross receipts~~  
146 47 ~~taxes sales tax~~.

146 48 A tax permit other than the state ~~sales~~ tax permit  
146 49 required under section ~~422.53 or 423.10~~ 423.36 shall  
146 50 not be required by local authorities.

147 1 If a local sales and services tax is imposed by a  
147 2 county pursuant to this chapter, a local excise tax at  
147 3 the same rate shall be imposed by the county on the  
147 4 purchase price of natural gas, natural gas service,  
147 5 electricity, or electric service subject to tax under  
147 6 chapter 423, ~~subchapter III~~, and not exempted from tax  
147 7 by any provision of chapter 423, ~~subchapter III~~. The  
147 8 local excise tax is applicable only to the use of  
147 9 natural gas, natural gas service, electricity, or  
147 10 electric service within those incorporated and  
147 11 unincorporated areas of the county where it is imposed  
147 12 and, except as otherwise provided in this chapter,  
147 13 shall be collected and administered in the same manner  
147 14 as the local sales and services tax. For purposes of  
147 15 this chapter, "local sales and services tax" shall  
147 16 also include the local excise tax.

147 17 Sec. 197. Section 422B.9, subsections 1 and 2,  
147 18 Code 2003, are amended to read as follows:

147 19 1. a. A local sales and services tax shall be  
147 20 imposed either January 1 or July 1 following the  
147 21 notification of the director of revenue and finance  
147 22 but not sooner than ninety days following the  
147 23 favorable election ~~and not sooner than sixty days~~  
147 24 ~~following notice to sellers, as defined in section~~

147 25 423.1. However, a jurisdiction which has voted to  
147 26 continue imposition of the tax may impose that tax  
147 27 without repeal of the prior tax.

147 28 b. A local sales and services tax shall be  
147 29 repealed only on June 30 or December 31 but not sooner  
147 30 than ninety days following the favorable election if  
147 31 one is held. However, a local sales and services tax  
147 32 shall not be repealed before the tax has been in  
147 33 effect for one year. At least forty days before the  
147 34 imposition or repeal of the tax, a county shall  
147 35 provide notice of the action by certified mail to the  
147 36 director of revenue and finance.

147 37 c. ~~The imposition of or a rate change for a local~~  
147 38 ~~sales and service tax shall not be applied to~~  
147 39 ~~purchases from a printed catalog wherein a purchaser~~  
147 40 ~~computes the local tax based on rates published in the~~  
147 41 ~~catalog unless a minimum of one hundred twenty days'~~  
147 42 ~~notice of the imposition or rate change has been given~~  
147 43 ~~to the seller from the catalog and the first day of a~~  
147 44 ~~calendar quarter has occurred on or after the one~~  
147 45 ~~hundred twentieth day.~~

147 46 ~~c. d.~~ If a local sales and services tax has been  
147 47 imposed prior to April 1, 2000, and at the time of the  
147 48 election a date for repeal was specified on the  
147 49 ballot, the local sales and services tax may be  
147 50 repealed on that date, notwithstanding paragraph "b".

148 1 2. a. The director of revenue and finance shall  
148 2 administer a local sales and services tax as nearly as  
148 3 possible in conjunction with the administration of  
148 4 state ~~gross receipts sales~~ tax laws. The director  
148 5 shall provide appropriate forms or provide on the  
148 6 regular state tax forms for reporting local sales and  
148 7 services tax liability.

148 8 b. The ordinance of a county board of supervisors  
148 9 imposing a local sales and services tax shall adopt by  
148 10 reference the applicable provisions of the appropriate  
148 11 sections of ~~chapter 422, division IV, and~~ chapter 423.  
148 12 All powers and requirements of the director to  
148 13 administer the state ~~gross receipts sales~~ tax law and  
148 14 use tax law are applicable to the administration of a  
148 15 local sales and services tax law and the local excise

148 16 tax, including but not limited to, the provisions of  
148 17 section 422.25, subsection 4, sections 422.30, ~~422.48~~  
~~148 18 to 422.52, 422.54 to 422.58, 422.67, and 422.68,~~  
148 19 section 422.69, subsection 1, sections 422.70 to  
148 20 422.75, 423.6, subsections 2 to 4, and sections 423.11  
~~148 21 to 423.18, and 423.21~~ section 423.14, subsection 1 and  
148 22 subsection 2, paragraphs "b" through "e", and sections  
~~148 23 423.15, 423.23, 423.24, 423.25, 423.31 to 423.35,~~  
148 24 423.37 to 423.42, 423.46, and 423.47. Local officials  
148 25 shall confer with the director of revenue and finance  
148 26 for assistance in drafting the ordinance imposing a  
148 27 local sales and services tax. A certified copy of the  
148 28 ordinance shall be filed with the director as soon as  
148 29 possible after passage.  
148 30 c. Frequency of deposits and quarterly reports of  
148 31 a local sales and services tax with the department of  
148 32 revenue and finance are governed by the tax provisions  
148 33 in section ~~422.52~~ 423.31. Local tax collections shall  
148 34 not be included in computation of the total tax to  
148 35 determine frequency of filing under section ~~422.52~~  
148 36 423.31.  
148 37 d. The director shall apply a boundary change of a  
~~148 38 county or city imposing or collecting the local sales~~  
~~148 39 and service tax to the imposition or collection of~~  
~~148 40 that tax only on the first day of a calendar quarter~~  
~~148 41 which occurs sixty days or more after the director has~~  
~~148 42 given notice of the boundary change to sellers.~~  
148 43 Sec. 198. Section 422C.2, subsections 4 and 6,  
148 44 Code 2003, are amended to read as follows:  
148 45 4. "Person" means person as defined in section  
148 46 ~~422.42~~ 423.1.  
148 47 6. "Rental price" means the consideration for  
148 48 renting an automobile valued in money, and means the  
148 49 same as ~~"gross taxable services"~~ "sales price" as  
148 50 defined in section ~~422.42~~ 423.1.  
149 1 Sec. 199. Section 422C.3, Code 2003, is amended to  
149 2 read as follows:  
149 3 422C.3 TAX ON RENTAL OF AUTOMOBILES.  
149 4 1. A tax of five percent is imposed upon the  
149 5 rental price of an automobile if the rental  
149 6 transaction is subject to the sales and services tax  
149 7 under chapter ~~422~~ 423, division IV subchapter  
~~149 8 the use tax under chapter 423, subchapter III. The~~  
~~149 9 tax shall not be imposed on any rental transaction not~~  
~~149 10 taxable under the state sales and services tax, as~~  
~~149 11 provided in section 422.45~~ 423.3, or the state use  
149 12 tax, as provided in section ~~423.4~~ 423.6, on automobile  
149 13 rental receipts.  
149 14 2. The lessor shall collect the tax by adding the  
149 15 tax to the rental price of the automobile.  
149 16 3. The tax, when collected, shall be stated as a  
149 17 distinct item separate and apart from the rental price  
149 18 of the automobile and the sales and services tax  
149 19 imposed under chapter ~~422~~ 423, division IV sub  
~~149 20 II, or the use tax imposed under chapter 423,~~  
~~149 21 subchapter III.~~  
149 22 Sec. 200. Section 422C.4, Code 2003, is amended to  
149 23 read as follows:  
149 24 422C.4 ADMINISTRATION AND ENFORCEMENT.  
149 25 All powers and requirements of the director of  
149 26 revenue and finance to administer the state ~~gross~~  
~~149 27 receipts sales~~ tax law under chapter ~~422, division IV,~~  
149 28 423 are applicable to the administration of the tax  
149 29 imposed under section 422C.3, including but not  
149 30 limited to section 422.25, subsection 4, sections  
149 31 422.30, ~~422.48 through 422.52, 422.54 through 422.58,~~  
149 32 422.67, and 422.68, section 422.69, subsection 1, and  
149 33 sections 422.70 through 422.75, section 423.14,  
149 34 subsection 1, and sections 423.15, 423.23, 423.24,  
~~149 35 423.25, 423.31, 423.33, 423.35 and 423.37 through~~  
~~149 36 423.42, 423.45, 423.46, and 423.47.~~ However, as an  
149 37 exception to the powers specified in section ~~422.52,~~  
~~149 38 subsection 1~~ 423.31, the director shall only require  
149 39 the filing of quarterly reports.  
149 40 Sec. 201. Section 422E.1, subsection 1, is amended  
149 41 to read as follows:  
149 42 1. A local sales and services tax for school  
149 43 infrastructure purposes may be imposed by a county on  
149 44 behalf of school districts as provided in this  
149 45 chapter.  
149 46 If a local sales and services tax for school

149 47 infrastructure is imposed by a county pursuant to this  
149 48 chapter, a local excise tax for school infrastructure  
149 49 at the same rate shall be imposed by the county on the  
149 50 purchase price of natural gas, natural gas service,  
150 1 electricity, or electric service subject to tax under  
150 2 chapter 423, subchapter III, and not exempted from tax  
150 3 by any provision of chapter 423, subchapter III. The  
150 4 local excise tax for school infrastructure is  
150 5 applicable only to the use of natural gas, natural gas  
150 6 service, electricity, or electric service within those  
150 7 incorporated and unincorporated areas of the county  
150 8 where it is imposed and, except as otherwise provided  
150 9 in this chapter, shall be collected and administered  
150 10 in the same manner as the local sales and services tax  
150 11 for school infrastructure. For purposes of this  
150 12 chapter, "local sales and services tax for school  
150 13 infrastructure" shall also include the local excise  
150 14 tax for school infrastructure.

150 15 Sec. 202. Section 422E.3, subsections 1, 2, and 3,  
150 16 Code 2003, are amended to read as follows:

150 17 1. If a majority of those voting on the question  
150 18 of imposition of a local sales and services tax for  
150 19 school infrastructure purposes favors imposition of  
150 20 the tax, the tax shall be imposed by the county board  
150 21 of supervisors within the county pursuant to section  
150 22 422E.2, at the rate specified for a ten-year duration  
150 23 on the ~~gross receipts sales price~~ taxed by the state  
150 24 under chapter ~~422~~ 423, ~~division IV~~ subchapter  
150 25 2. The tax shall be imposed on the same basis as  
150 26 the state sales and services tax or in the case of the  
150 27 use of natural gas, natural gas service, electricity,  
150 28 or electric service on the same basis as the state use  
150 29 tax and shall not be imposed on the sale of any  
150 30 property or on any service not taxed by the state,  
150 31 except the tax shall not be imposed on the gross  
150 32 receipts sales price from the sale of motor fuel or  
150 33 special fuel as defined in chapter 452A which is  
150 34 consumed for highway use or in watercraft or aircraft  
150 35 if the fuel tax is paid on the transaction and a  
150 36 refund has not or will not be allowed, on the ~~gross~~  
150 37 ~~receipts sales price~~ from the rental of rooms,  
150 38 apartments, or sleeping quarters which are taxed under  
150 39 chapter 422A during the period the hotel and motel tax  
150 40 is imposed, on the ~~gross receipts sales price~~ from the  
150 41 sale of equipment by the state department of  
150 42 transportation, on the ~~gross receipts sales price~~ from  
150 43 the sale of self-propelled building equipment, pile  
150 44 drivers, motorized scaffolding, or attachments  
150 45 customarily drawn or attached to self-propelled  
150 46 building equipment, pile drivers, and motorized  
150 47 scaffolding, including auxiliary attachments which  
150 48 improve the performance, safety, operation, or  
150 49 efficiency of the equipment, and replacement parts and  
150 50 are directly and primarily used by contractors,  
151 1 subcontractors, and builders for new construction,  
151 2 reconstruction, alterations, expansion, or remodeling  
151 3 of real property or structures, and on the ~~gross~~  
151 4 ~~receipts sales price~~ from the sale of a lottery ticket  
151 5 or share in a lottery game conducted pursuant to  
151 6 chapter 99E and except the tax shall not be imposed on  
151 7 the ~~gross receipts sales price~~ from the sale or use of  
151 8 natural gas, natural gas service, electricity, or  
151 9 electric service in a city or county where the ~~gross~~  
151 10 ~~receipts sales price~~ from the sale of natural gas or  
151 11 electric energy are subject to a franchise fee or user  
151 12 fee during the period the franchise or user fee is  
151 13 imposed.

151 14 3. The tax is applicable to transactions within  
151 15 the county where it is imposed and shall be collected  
151 16 by all persons required to collect state ~~gross~~  
151 17 ~~receipts sales~~ or local excise taxes. However, a  
151 18 person required to collect state ~~retail~~ sales tax  
151 19 under chapter ~~422~~, ~~division IV~~, 423 is not required to  
151 20 collect local sales and services tax on transactions  
151 21 delivered within the area where the local sales and  
151 22 services tax is imposed unless the person has physical  
151 23 presence in that taxing area. The amount of the sale,  
151 24 for purposes of determining the amount of the tax,  
151 25 does not include the amount of any state ~~gross~~  
151 26 ~~receipts sales taxes~~ or excise taxes or other local  
151 27 option sales or excise taxes. A tax permit other than

151 28 the state tax permit required under section ~~422.53 or~~  
~~151 29 423.10 423.36~~ shall not be required by local  
151 30 authorities.

151 31 Sec. 203. Section 425.30, Code 2003, is amended to  
151 32 read as follows:

151 33 425.30 NOTICES.

151 34 Section ~~422.57 423.39~~, subsection 1, shall apply to  
151 35 all notices under this division.

151 36 Sec. 204. Section 425.31, Code 2003, is amended to  
151 37 read as follows:

151 38 425.31 APPEALS.

151 39 Any person aggrieved by an act or decision of the  
151 40 director of revenue and finance or the department of  
151 41 revenue and finance under this division shall have the  
151 42 same rights of appeal and review as provided in  
151 43 sections 421.1 and ~~422.55 423.38~~ and the rules of the  
151 44 department of revenue and finance.

151 45 Sec. 205. Section 452A.66, unnumbered paragraph 1,  
151 46 Code 2003, is amended to read as follows:

151 47 The appropriate state agency shall administer the  
151 48 taxes imposed by this chapter in the same manner as  
151 49 and subject to section 422.25, subsection 4 and  
151 50 section ~~422.52, subsection 3 423.35~~.

152 1 Sec. 206. Section 455B.455, Code 2003, is amended  
152 2 to read as follows:

152 3 455B.455 SURCHARGE IMPOSED.

152 4 A land burial surcharge tax of two percent is  
152 5 imposed on the fee for land burial of a hazardous  
152 6 waste. The owner of the land burial facility shall  
152 7 remit the tax collected to the director of revenue and  
152 8 finance after consultation with the director according  
152 9 to rules that the director shall adopt. The director  
152 10 shall forward a copy of the site license to the  
152 11 director of revenue and finance which shall be the  
152 12 appropriate license for the collection of the land  
152 13 burial surcharge tax and shall be subject to  
152 14 suspension or revocation if the site license holder  
152 15 fails to collect or remit the tax collected under this  
152 16 section. The provisions of ~~sections~~ section 422.25,  
152 17 subsection 4, sections 422.30, 422.48 to 422.52,  
~~152 18 422.54 to 422.58, 422.67, and 422.68, section 422.69,  
152 19 subsection 1, and sections 422.70 to 422.75, section  
~~152 20 423.14, subsection 1, and sections 423.23, 423.24,  
~~152 21 423.25, 423.31, 423.33, 423.35, 423.37 to 423.42, and~~  
~~152 22 423.47,~~ consistent with the provisions of this part 6  
152 23 of division IV, shall apply with respect to the taxes  
152 24 authorized under this part, in the same manner and  
152 25 with the same effect as if the land burial surcharge  
152 26 tax were ~~retail~~ sales taxes within the meaning of  
152 27 those statutes. Notwithstanding the provisions of  
152 28 this ~~paragraph~~ section, the director shall provide for  
152 29 only quarterly filing of returns as prescribed in  
152 30 section ~~422.51 423.31~~. Taxes collected by the  
152 31 director of revenue and finance under this section  
152 32 shall be deposited in the general fund of the state.~~~~

152 33 Sec. 207. Section 455G.3, subsection 1, Code 2003,  
152 34 is amended to read as follows:

152 35 1. The Iowa comprehensive petroleum underground  
152 36 storage tank fund is created as a separate fund in the  
152 37 state treasury, and any funds remaining in the fund at  
152 38 the end of each fiscal year shall not revert to the  
152 39 general fund but shall remain in the Iowa  
152 40 comprehensive petroleum underground storage tank fund.  
152 41 Interest or other income earned by the fund shall be  
152 42 deposited in the fund. The fund shall include moneys  
152 43 credited to the fund under this section, section  
152 44 ~~423.24 423.43~~, subsection 1, paragraph "a", and  
152 45 sections 455G.8, 455G.9, and 455G.11, and other funds  
152 46 which by law may be credited to the fund. The moneys  
152 47 in the fund are appropriated to and for the purposes  
152 48 of the board as provided in this chapter. Amounts in  
152 49 the fund shall not be subject to appropriation for any  
152 50 other purpose by the general assembly, but shall be  
153 1 used only for the purposes set forth in this chapter.

153 2 The treasurer of state shall act as custodian of the  
153 3 fund and disburse amounts contained in it as directed  
153 4 by the board including automatic disbursements of  
153 5 funds as received pursuant to the terms of bond  
153 6 indentures and documents and security provisions to  
153 7 trustees and custodians. The treasurer of state is  
153 8 authorized to invest the funds deposited in the fund

153 9 at the direction of the board and subject to any  
153 10 limitations contained in any applicable bond  
153 11 proceedings. The income from such investment shall be  
153 12 credited to and deposited in the fund. The fund shall  
153 13 be administered by the board which shall make  
153 14 expenditures from the fund consistent with the  
153 15 purposes of the programs set out in this chapter  
153 16 without further appropriation. The fund may be  
153 17 divided into different accounts with different  
153 18 depositories as determined by the board and to fulfill  
153 19 the purposes of this chapter.

153 20 Sec. 208. Section 455G.6, subsection 4, Code 2003,  
153 21 is amended to read as follows:

153 22 4. Grant a mortgage, lien, pledge, assignment, or  
153 23 other encumbrance on one or more improvements,  
153 24 revenues, asset of right, accounts, or funds  
153 25 established or received in connection with the fund,  
153 26 including revenues derived from the use tax under  
153 27 section ~~423.24~~ 423.43, subsection 1, paragraph "a",  
153 28 and deposited in the fund or an account of the fund.

153 29 Sec. 209. Section 455G.8, subsection 2, Code 2003,  
153 30 is amended to read as follows:

153 31 2. USE TAX. The revenues derived from the use tax  
153 32 imposed under chapter 423, subchapter III. The  
153 33 proceeds of the use tax under section ~~423.24~~ 423.43,  
153 34 subsection 1, paragraph "a", shall be allocated,  
153 35 consistent with this chapter, among the fund's  
153 36 accounts, for debt service and other fund expenses,  
153 37 according to the fund budget, resolution, trust  
153 38 agreement, or other instrument prepared or entered  
153 39 into by the board or authority under direction of the  
153 40 board.

153 41 Sec. 210. Section 455G.9, subsection 2, Code 2003,  
153 42 is amended to read as follows:

153 43 2. REMEDIAL ACCOUNT FUNDING. The remedial account  
153 44 shall be funded by that portion of the proceeds of the  
153 45 use tax imposed under chapter 423, subchapter III, and  
153 46 other moneys and revenues budgeted to the remedial  
153 47 account by the board.

153 48 Sec. 211. Section 2.67, Code 2003, is repealed.

153 49 Sec. 212. CODE EDITOR DIRECTIVE. The Code editor  
153 50 is directed to transfer Code chapter 423A to Code  
154 1 chapter 421A and to transfer Code chapters 422A, 422B,  
154 2 422C, and 422E to Code chapters 423A, 423B, 423C, and  
154 3 423E, respectively. The Code editor is directed to  
154 4 correct Code references as required due to the changes  
154 5 made in this Act.

154 6 SALES TAX ADVISORY COUNCIL

154 7 Sec. 213. IOWA STREAMLINED SALES TAX ADVISORY  
154 8 COUNCIL.

154 9 1. An Iowa streamlined sales tax advisory council  
154 10 is created. The advisory council shall review, study,  
154 11 and submit recommendations to the Iowa streamlined  
154 12 sales and use tax delegation regarding the proposed  
154 13 streamlined sales and use tax agreement formalized by  
154 14 the project's implementing sales on November 12, 2002,  
154 15 the proposed language conforming Iowa's sales and use  
154 16 tax to the national agreement, and the following  
154 17 issues:

154 18 a. Uniform definitions proposed in the current  
154 19 streamlined sales and use tax agreement and future  
154 20 proposals.

154 21 b. Effects upon taxability of items newly defined  
154 22 in Iowa.

154 23 c. Impacts upon business as a result of the  
154 24 streamlined sales and use tax.

154 25 d. Technology implementation issues.

154 26 e. Any other issues that are brought before the  
154 27 streamlined sales and use tax implementing state or  
154 28 the streamlined sales and use tax governing board.

154 29 2. The department shall provide administrative  
154 30 support to the Iowa streamlined sales tax advisory  
154 31 council. The advisory council shall be representative  
154 32 of Iowa's business community and economy when  
154 33 reviewing and recommending solutions to streamlined  
154 34 sales and use tax issues. The advisory council shall  
154 35 provide the general assembly and the governor with  
154 36 final recommendations made to the Iowa streamlined  
154 37 sales and use tax delegation upon the conclusion of  
154 38 each calendar year.

154 39 3. The director of revenue, in consultation with

154 40 the Iowa taxpayers association and the Iowa  
154 41 association of business and industry, shall appoint  
154 42 members to the Iowa streamlined sales tax advisory  
154 43 council, which shall consist of the following members:  
154 44 a. One member from the department of revenue and  
154 45 finance.  
154 46 b. Three members representing small Iowa  
154 47 businesses, at least one of whom must be a retailer,  
154 48 and at least one of whom shall be a supplier.  
154 49 c. Three members representing medium Iowa  
154 50 businesses, at least one of whom shall be a retailer,  
155 1 and at least one of whom shall be a supplier.  
155 2 d. Three members representing large Iowa  
155 3 businesses, at least one of whom shall be a retailer,  
155 4 and at least one of whom shall be a supplier.  
155 5 e. One member representing taxpayers as a whole.  
155 6 f. One member representing the retail community as  
155 7 a whole.  
155 8 g. Any other member the director of revenue and  
155 9 finance deems appropriate.  
155 10 Sec. 214. EFFECTIVE DATE. Except for the section  
155 11 creating the Iowa streamlined sales tax advisory  
155 12 council, this division of this Act takes effect July  
155 13 1, 2004.

#### 155 14 DIVISION XVI

##### 155 15 WIND ENERGY PRODUCTION TAX CREDIT

155 16 Sec. 215. NEW SECTION. 422.11H WIND ENERGY  
155 17 PRODUCTION TAX CREDIT.

155 18 The taxes imposed under this division, less the  
155 19 credits allowed under sections 422.12 and 422.12B,  
155 20 shall be reduced by a wind energy production tax  
155 21 credit allowed under chapter 476B.

155 22 Sec. 216. Section 422.33, Code 2003, is amended by  
155 23 adding the following new subsection:

155 24 NEW SUBSECTION. 14. The taxes imposed under this  
155 25 division shall be reduced by a wind energy production  
155 26 tax credit allowed under chapter 476B.

155 27 Sec. 217. Section 422.60, Code 2003, is amended by  
155 28 adding the following new subsection:

155 29 NEW SUBSECTION. 7. The taxes imposed under this  
155 30 division shall be reduced by a wind energy production  
155 31 tax credit allowed under chapter 476B.

155 32 Sec. 218. NEW SECTION. 432.12D WIND ENERGY  
155 33 PRODUCTION TAX CREDIT.

155 34 The taxes imposed under this chapter shall be  
155 35 reduced by a wind energy production tax credit allowed  
155 36 under chapter 476B.

155 37 Sec. 219. NEW SECTION. 476B.1 DEFINITIONS.

155 38 For purposes of this chapter, unless the context  
155 39 otherwise requires:

155 40 1. "Board" means the utilities board within the  
155 41 utilities division of the department of commerce.

155 42 2. "Department" means the department of revenue  
155 43 and finance.

155 44 3. "Qualified electricity" means electricity  
155 45 produced from wind at a qualified facility.

155 46 4. "Qualified facility" means an electrical  
155 47 production facility that meets all of the following:

155 48 a. Produces electricity from wind.

155 49 b. Is located in Iowa.

155 50 c. Was originally placed in service on or after  
156 1 July 1, 2004, but before July 1, 2007.

156 2 Sec. 220. NEW SECTION. 476B.2 GENERAL RULE.

156 3 The owner of a qualified facility shall, for each  
156 4 kilowatt-hour of qualified electricity that the owner  
156 5 sells during the ten-year period beginning on the date  
156 6 the qualified facility was originally placed in  
156 7 service, be allowed a wind energy production tax  
156 8 credit to the extent provided in this chapter against  
156 9 the tax imposed in chapter 422, divisions II, III, and  
156 10 V, and chapter 432.

156 11 Sec. 221. NEW SECTION. 476B.3 CREDIT AMOUNT.

156 12 The wind energy production tax credit allowed under  
156 13 this chapter equals the product of one cent multiplied  
156 14 by the number of kilowatt-hours of qualified  
156 15 electricity sold by the owner during the taxable year.

156 16 Sec. 222. NEW SECTION. 476B.4 LIMITATIONS.

156 17 1. a. The wind energy production tax credit shall  
156 18 not be allowed for any kilowatt-hour of electricity  
156 19 produced on wind energy conversion property for which  
156 20 the owner has claimed or otherwise received for that



156 21 property the benefit of special valuation under  
156 22 section 427B.26 or section 441.21, subsection 8, or  
156 23 the exemption from retail sales tax under section  
156 24 422.45, subsection 48.

156 25 b. The disallowance of the tax credit pursuant to  
156 26 paragraph "a" does not apply to an owner of a  
156 27 qualified facility that owns, directly or indirectly,  
156 28 in the aggregate, a total annual turbine nameplate  
156 29 capacity of all such property of less than one  
156 30 megawatt.

156 31 2. The wind energy production tax credit shall not  
156 32 be allowed for any kilowatt-hour of electricity that  
156 33 is sold to a related person. For purpose of this  
156 34 subsection, persons shall be treated as related to  
156 35 each other if such persons would be treated as a  
156 36 single employer under the regulations prescribed under  
156 37 section 52(b) of the Internal Revenue Code. In the  
156 38 case of a corporation that is a member of an  
156 39 affiliated group of corporations filing a consolidated  
156 40 return, such corporation shall be treated as selling  
156 41 electricity to an unrelated person if such electricity  
156 42 is sold to such a person by another member of such  
156 43 group.

156 44 Sec. 223. NEW SECTION. 476B.5 APPLICATION FOR  
156 45 TAX CREDIT CERTIFICATES.

156 46 1. To receive the wind energy production tax  
156 47 credit, an owner of the qualified facility must submit  
156 48 an application for a tax credit certificate to the  
156 49 board not later than thirty days after the close of  
156 50 its taxable year. The owner's application must  
157 1 contain, but need not be limited to, all of the  
157 2 following information: the owner's name, tax  
157 3 identification number, and address, the number of  
157 4 kilowatt-hours of qualified electricity sold by the  
157 5 owner during the preceding taxable year, the address  
157 6 of the qualified facility at which the qualified  
157 7 electricity was produced, a certified statement of the  
157 8 number, if any, of kilowatt-hours of electricity  
157 9 produced on wind energy conversion property for which  
157 10 the owner has claimed or otherwise received for that  
157 11 property the benefit of special valuation under  
157 12 section 427B.26 or section 441.21, subsection 8, or  
157 13 the exemption from the retail sales tax under section  
157 14 422.45, subsection 48, and the denomination that each  
157 15 tax credit certificate is to carry.

157 16 1A. In addition to the information required in  
157 17 subsection 1, the application shall specify the amount  
157 18 of property taxes imposed by the school district,  
157 19 city, and county on the wind energy conversion  
157 20 property payable during the owner's taxable year. The  
157 21 amount of property taxes imposed by the school  
157 22 district, city, and county on such property that is  
157 23 payable during the owner's taxable year shall be  
157 24 computed as follows:

157 25 a. If the fiscal year for which such property  
157 26 taxes are imposed ends during the taxable year, divide  
157 27 the property taxes imposed by the school district,  
157 28 city, and county payable in that fiscal year by twelve  
157 29 and multiply the resulting quotient by the number of  
157 30 months of the fiscal year ending in the taxable year.

157 31 b. If the fiscal year for which such property  
157 32 taxes are imposed begins, but does not end, during the  
157 33 taxable year, divide the property taxes imposed by the  
157 34 school district, city, and county payable in that  
157 35 fiscal year by twelve and multiply the resulting  
157 36 quotient by the number of months of the fiscal year  
157 37 ending in the taxable year.

157 38 c. Add the amounts determined pursuant to  
157 39 paragraphs "a" and "b".

157 40 The application shall also contain the name of the  
157 41 school district, city or cities, and county and the  
157 42 portion of the total amount of paragraph "c" that was  
157 43 imposed by each jurisdiction.

157 44 2. The board shall, in conjunction with the  
157 45 department, prescribe appropriate forms and  
157 46 instructions to enable owners to claim the tax credit  
157 47 allowed under this chapter. If the board prescribes  
157 48 these forms and instructions, an owner's application  
157 49 for a tax credit certificate shall not be valid unless  
157 50 made on and in accordance with these forms and  
158 1 instructions.

158 2 3. Within thirty days of the end of the owner's  
158 3 eleventh and twelfth taxable years with respect to the  
158 4 ownership of the qualified facility for which the  
158 5 owner had previously received a tax credit, the owner  
158 6 shall file with the board an "extra two year  
158 7 information form". The form shall contain all  
158 8 property tax information in subsection 1A and other  
158 9 information deemed appropriate by the board or  
158 10 treasurer of state for the owner's eleventh or twelfth  
158 11 taxable year, as applicable.

158 12 Sec. 224. NEW SECTION. 476B.6 ISSUANCE OF TAX  
158 13 CREDIT CERTIFICATES.

158 14 1. If the owner meets the criteria for eligibility  
158 15 for the wind energy production tax credit, the board  
158 16 shall determine the validity of the application and if  
158 17 valid, shall issue one or more tax credit certificates  
158 18 to the owner not later than thirty days after the  
158 19 application is submitted to the board. Each tax  
158 20 credit certificate must contain the owner's name,  
158 21 address, and tax identification number, amount of tax  
158 22 credits, and the expiration date of the tax credit  
158 23 certificate, which shall be seven years from its date  
158 24 of issuance and any other information required by the  
158 25 department. Once issued by the board, the tax credit  
158 26 certificate shall be binding on the board and the  
158 27 department and shall not be modified, terminated, or  
158 28 rescinded. Upon the issuance of the tax credit  
158 29 certificate, the board shall forward to the treasurer  
158 30 of state a copy of the information provided pursuant  
158 31 to section 476B.5, subsection 1A, containing the  
158 32 amount of property taxes payable during the owner's  
158 33 taxable year which were levied on wind energy  
158 34 conversion property for which the tax credit  
158 35 certificates were issued. The board shall also  
158 36 forward to the treasurer of state information provided  
158 37 pursuant to section 476B.5, subsection 3, containing  
158 38 the amount of property taxes payable during the  
158 39 eleventh or twelfth taxable year.

158 40 2. If the tax credit application is filed by a  
158 41 partnership, limited liability company, S corporation,  
158 42 estate, trust, or other reporting entity all of the  
158 43 income of which is taxed directly to its equity  
158 44 holders or beneficiaries, the tax credit certificate  
158 45 may, at the election of the owner, be issued directly  
158 46 to equity holders or beneficiaries of the owner in  
158 47 proportion to their pro rata share of the income of  
158 48 such entity. If the owner elects to have the tax  
158 49 credit certificate issued directly to its equity  
158 50 holders or beneficiaries, the owner must, in the  
159 1 application made under section 476B.5, identify its  
159 2 equity holders or beneficiaries, and the amount of  
159 3 such entity's income that is allocable to each equity  
159 4 holder or beneficiary.

159 5 Sec. 225. NEW SECTION. 476B.7 TRANSFER OF TAX  
159 6 CREDIT CERTIFICATES.

159 7 Wind energy production tax credit certificates  
159 8 issued under this chapter may be transferred to any  
159 9 person or entity. Within thirty days of transfer, the  
159 10 transferee must submit the transferred tax credit  
159 11 certificate to the board along with a statement  
159 12 containing the transferee's name, tax identification  
159 13 number, and address, and the denomination that each  
159 14 replacement tax credit certificate is to carry and any  
159 15 other information required by the department. Within  
159 16 thirty days of receiving the transferred tax credit  
159 17 certificate and the transferee's statement, the board  
159 18 shall issue one or more replacement tax credit  
159 19 certificates to the transferee. Each replacement  
159 20 certificate must contain the information required  
159 21 under section 476B.6 and must have the same expiration  
159 22 date that appeared in the transferred tax credit  
159 23 certificate. Tax credit certificate amounts of less  
159 24 than the minimum amount established by rule of the  
159 25 board shall not be transferable. A tax credit shall  
159 26 not be claimed by a transferee under this chapter  
159 27 until a replacement tax credit certificate identifying  
159 28 the transferee as the proper holder has been issued.

159 29 The tax credit shall only be transferred once. The  
159 30 transferee may use the amount of the tax credit  
159 31 transferred against the taxes imposed under chapter  
159 32 422, divisions II, III, and V, and chapter 432 for any

159 33 tax year the original transferor could have claimed  
159 34 the tax credit. Any consideration received for the  
159 35 transfer of the tax credit shall not be included as  
159 36 income under chapter 422, divisions II, III, and V.  
159 37 Any consideration paid for the transfer of the tax  
159 38 credit shall not be deducted from income under chapter  
159 39 422, divisions II, III, and V.

159 40 Sec. 226. NEW SECTION. 476B.8 USE OF TAX CREDIT  
159 41 CERTIFICATES.

159 42 To claim a wind energy production tax credit under  
159 43 this chapter, a taxpayer must attach one or more tax  
159 44 credit certificates to the taxpayer's tax return. A  
159 45 tax credit certificate shall not be used or attached  
159 46 to a return filed prior to July 1, 2005. The tax  
159 47 credit certificate or certificates attached to the  
159 48 taxpayer's tax return shall be issued in the  
159 49 taxpayer's name, expire on or after the last day of  
159 50 the taxable year for which the taxpayer is claiming  
160 1 the tax credit, and show a tax credit amount equal to  
160 2 or greater than the tax credit claimed on the  
160 3 taxpayer's tax return. Any tax credit in excess of  
160 4 the taxpayer's tax liability for the taxable year may  
160 5 be credited to the taxpayer's tax liability for the  
160 6 following seven taxable years or until depleted,  
160 7 whichever is the earlier.

160 8 Sec. 227. NEW SECTION. 476B.9 REGISTRATION OF  
160 9 TAX CREDIT CERTIFICATES.

160 10 The board shall, in conjunction with the  
160 11 department, develop a system for the registration of  
160 12 the wind energy production tax credit certificates  
160 13 issued or transferred under this chapter and a system  
160 14 that permits verification that any tax credit claimed  
160 15 on a tax return is valid and that transfers of the tax  
160 16 credit certificates are made in accordance with the  
160 17 requirements of this chapter. The tax credit  
160 18 certificates issued under this chapter shall not be  
160 19 classified as a security pursuant to chapter 502.

160 20 Sec. 228. NEW SECTION. 476B.10 PAYMENT TO STATE  
160 21 OF PROPERTY TAXES COLLECTED.

160 22 1. a. By March 15 and September 15 of each year,  
160 23 the treasurer of state shall notify each school  
160 24 district, city, and county of the amount of property  
160 25 taxes imposed by the jurisdiction on wind energy  
160 26 conversion property for which tax credit certificates  
160 27 have been issued under this chapter. The amount of  
160 28 property taxes contained on the notice to the school  
160 29 district, city, or county shall equal the amounts  
160 30 received by the treasurer of state from the board  
160 31 since the treasurer of state last sent out notices  
160 32 pursuant to this subsection. The sending of a notice  
160 33 shall constitute a demand for the payment of an amount  
160 34 equal to the property taxes imposed on the wind energy  
160 35 conversion property as specified in the notice.

160 36 b. In addition to the amount of property taxes  
160 37 referred to in paragraph "a", the treasurer of state  
160 38 shall notify each school district, city, and county of  
160 39 the property taxes imposed on wind energy conversion  
160 40 property for the owner's eleventh or twelfth taxable  
160 41 year as specified pursuant to section 476B.5,  
160 42 subsection 3.

160 43 2. A school district, city, or county to which a  
160 44 notice under subsection 1 is sent shall remit to the  
160 45 treasurer of state the amount of property taxes  
160 46 imposed in the wind energy conversion property  
160 47 specified in the notice by the end of the third month  
160 48 following the month in which the notice is sent.

160 49 Interest for late payment shall be assessed at the  
160 50 rate specified in section 421.7 for each month,  
161 1 counting a part of a month a whole month, after the  
161 2 due date. Failure of the school district, city, or  
161 3 county to receive the notice is not a defense to the  
161 4 payment of the amount specified in the notice or for  
161 5 any interest for late payment.

161 6 3. A school district, city, or county that remits  
161 7 payments to the treasurer of state pursuant to  
161 8 subsection 2 in a fiscal year may adjust its budget or  
161 9 certified budget, notwithstanding any provision of  
161 10 law, to compensate for such payments.

161 11 Sec. 229. EFFECTIVE AND APPLICABILITY DATES.

161 12 1. Except for subsection 2, this division of this  
161 13 Act applies to tax years beginning on or after January

161 14 1, 2004.  
161 15 2. The section of this division of this Act  
161 16 enacting new Code section 476B.10, takes effect  
161 17 January 1, 2005.  
161 18 DIVISION XVII  
161 19 EFFECTIVE DATE  
161 20 Sec. 230. EFFECTIVE DATE. Unless otherwise  
161 21 provided in this Act, this Act takes effect July 1,  
161 22 2003.>  
161 23 #2. Title page, by striking lines 1 through 15 and  
8  
161 24 inserting the following: 161 25 development, financial, taxation, and regulatory  
161 26 matters, making and revising appropriations, modifying  
161 27 penalties, providing a fee, and including effective,  
161 28 applicability, and retroactive applicability  
161 29 provisions.>  
161 30 HF 683.S  
161 31 tm/cc/26